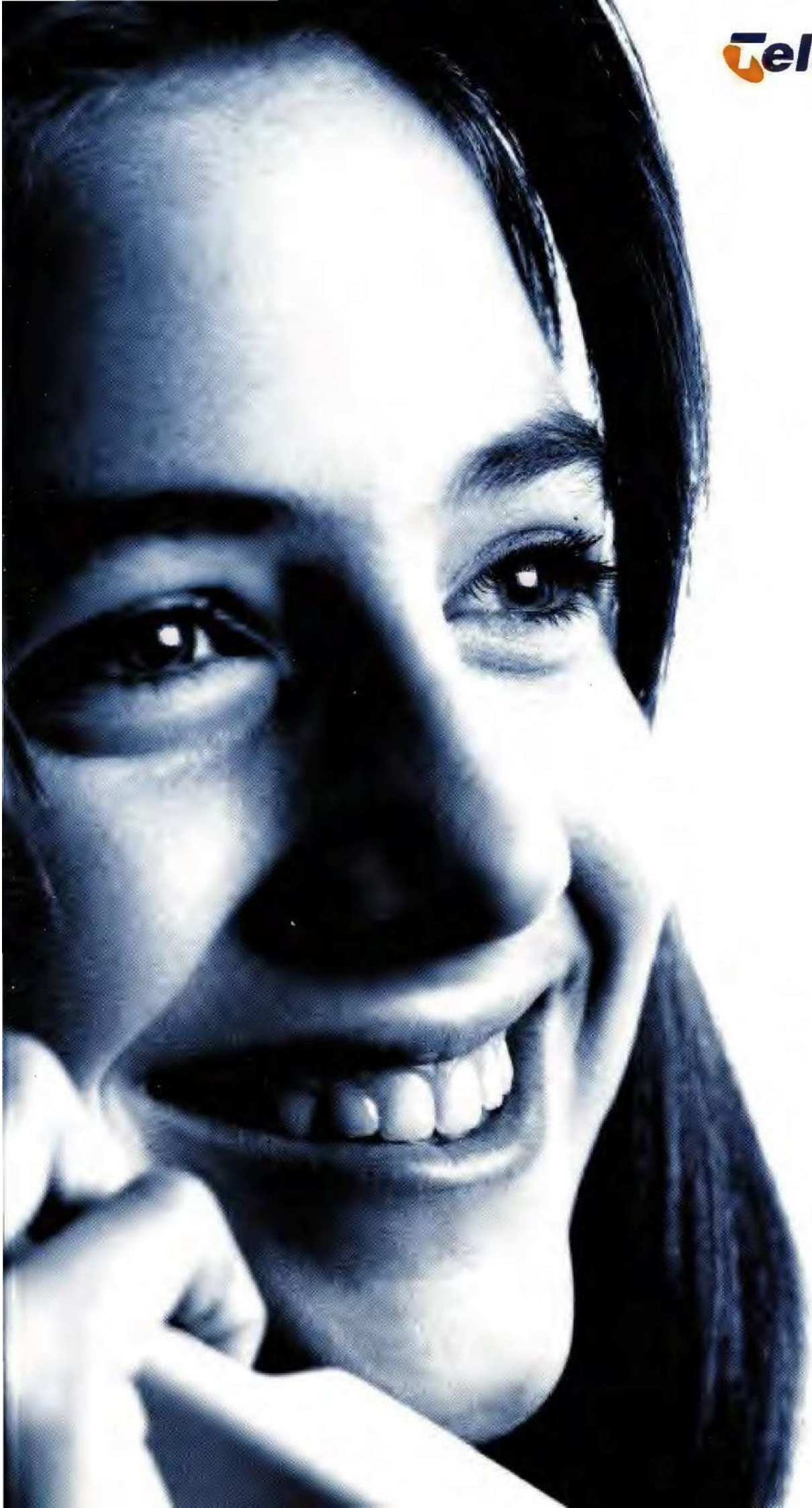
Telstra



ANNUAL REPORT 1993

Introducing Telstra

Telstra Corporation Limited has been our new legal name since April 1993. It replaces the previous Australian and Overseas Telecommunications Corporation which was established on 1 February 1992 through the merger of the domestic and international carriers (Telecom Australia and OTC Limited). Telstra Corporation trades domestically as Telecom Australia and offshore as Telstra.

These changes were put in place as part of a broader corporate identity and livery review to make customers and all others who deal with us, more aware of the significant change taking place within the Corporation to meet our competition and provide service excellence.

The Corporation is 100% owned by the Australian Government. The responsible Minister is the Minister for Communications who represents the Government as the shareholder.

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Occupational Health and Safety

Freedom of Information

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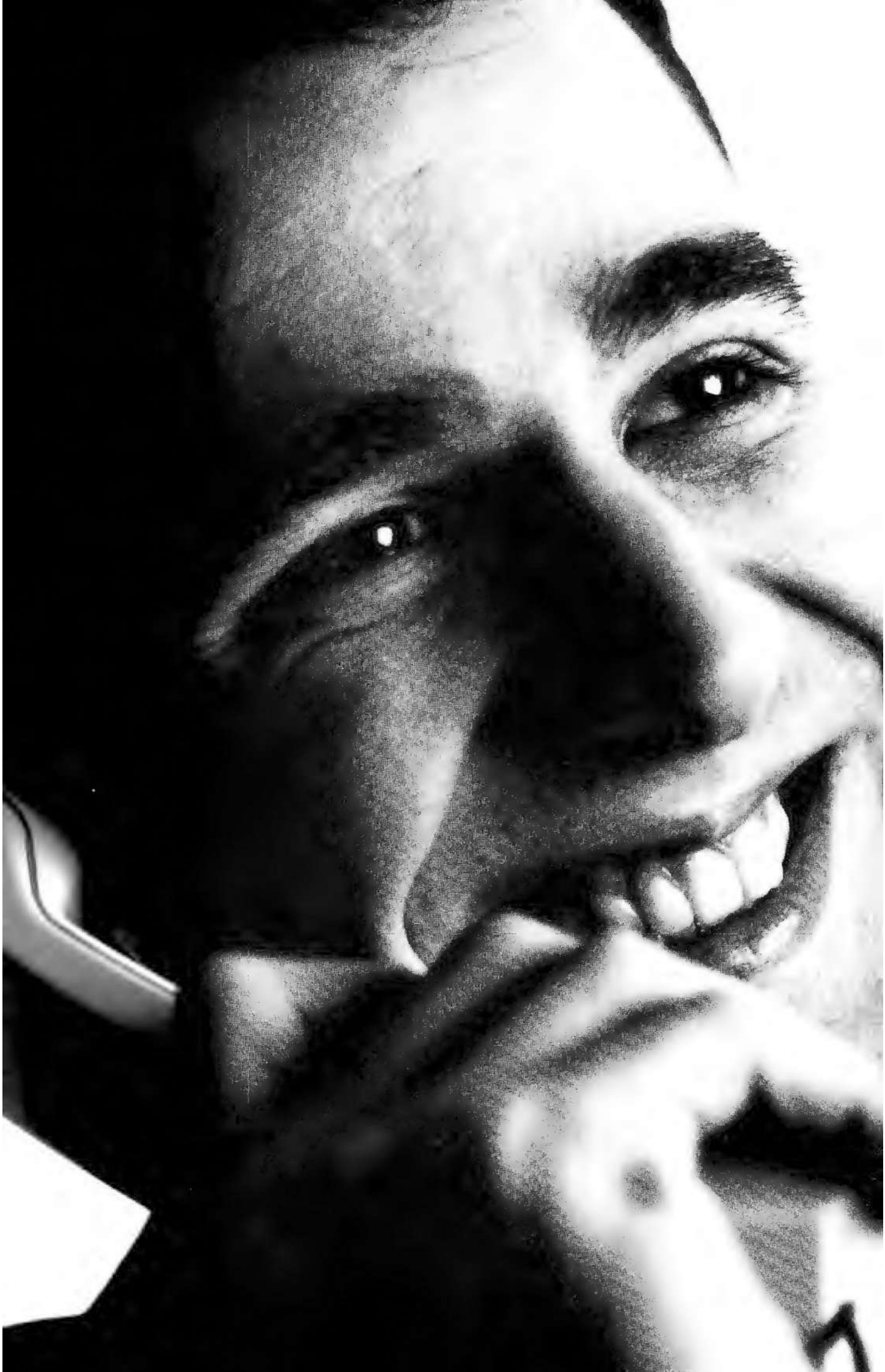
Melbourne Victoria 3000



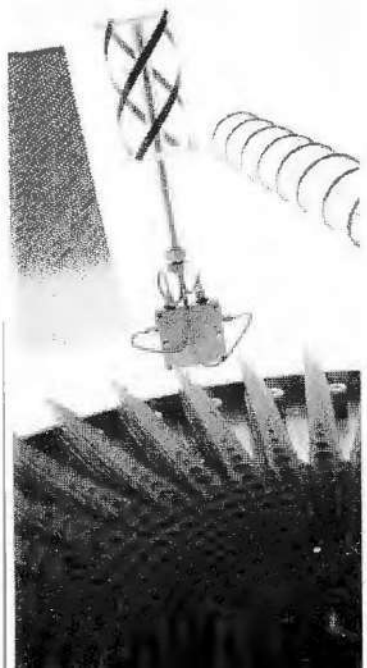
The challenge of broadly based competition involves a substantial refocussing of the enterprise, one of the biggest in the country.

I have pleasure in presenting the Annual Report of Telstra Corporation Limited for the year ended 30 June 1993. Despite continued low rates of economic growth and the first significant effects of competition, Telstra achieved creditable but modest increases in revenue and profit over the 1991/92 results. Revenue improved by 3.5% from $12,228.5m to $12,656.0m while profit (before tax and abnormals) reached $2,356.2m ($2,119.8m in 1991/92). Although these results provide a sound basis for growth, Telstra will face continuing substantial challenges in 1993/94 when it will experience the first full year of network competition and the possible impact on its customer base of preselection ballots in large metropolitan areas.

Telstra's financial performance in 1992/93 has enabled the Board to recommend a substantial increase in the total yearly dividend to the Government from $478m to $674m. Together with taxes and interest, the enterprise contributed over $1.9 billion to its owners. By any measure, these returns are very satisfactory.

Competitive Responses

The challenge of broadly based competition involves a substantial refocussing of the enterprise, one of the biggest in the country. This challenge calls for the implementation of a high profile marketing strategy built around customer service, price competitiveness, and the ability to provide the full range of telecommunications services. Our capacity to offer sophisticated product delivery as well as customised pricing plans and strategic partnership agreements have been vital elements in marketing initiatives.



Our responses are aimed at growing the overall range and volume of our business so that we may offset the inevitable market share loss which comes with the introduction of competition. We must also ensure that we are increasingly efficient, both in capital and cost terms, against the benchmarks of world's best practice. An important element is the "re-engineering" of the Company's fundamental processes through initiatives established with multi-disciplinary teams of our own employees.

It will also be important, both from the Company's and the country's point of view, that the development of competition does not restrict Telstra's ability to commit investment for growth. The expansion, both geographically outside Australia and also into new markets such as multi-media, will require

new technologies and will be an important part of competitive response. Certainly, competition will erode, over a period, the traditional monopoly margins on common carrier services. Consistent with trends elsewhere in the industry all over the world, there will be a need to maintain profitability by building additional services on the back-bone network.

Training and Development of Telstra Employees

It follows that we are stepping up the scale of the investment we make in the training and development of our people at all levels so that they may have the necessary skill and expertise to perform well in the changing technological and commercial environments of this decade, irrespective of circumstances.

Although the organisation remains under severe pressure due to the scale and pace of change, there is steadily emerging evidence of changing culture within Telstra. It reflects well on the willingness and ability of all our people to meet the challenge of competition, and on the leadership provided by the Chief Executive Officer and senior management.

The pressures on employees have been truly prodigious in recent years. Their responses, particularly those in the front line operations, have been simply outstanding. I make specific and sincere acknowledgement of their contributions.

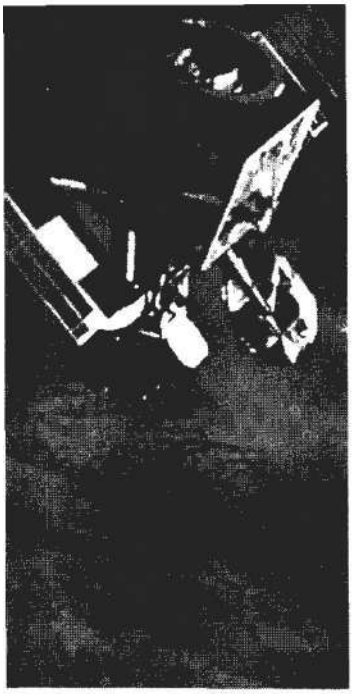
The Technology Leverage of Telecommunications

Telecommunications – especially at its interface with the computer – is set to be the defining technology of the next century. The industry will be an important contributor to economic growth in Australia and elsewhere. Telstra is confident that we can build an infrastructure and create an enterprise which will play a significant role in Australia and throughout the Asia-Pacific region. An important element in achieving our objectives is our partnerships with Australian industry, to help develop both the local industry and achieve market success offshore.

The Emerging Competitive Regime

It is as well to reflect for a moment on the present and near term position of Telstra because the Company is at the centre of the largest single piece of micro-economic reform this country has seen – the introduction of competition into what had traditionally been a public sector monopoly. While this trend is increasingly common around the world, Australia's decision to introduce robust competition, across the board from the beginning, is unique.

Although the text books are replete with theory about the workings of competition, they are notably silent on the subject of its introduction, so our current and likely corporate experience is in uncharted territory. Given the relative size difference of the principal competitors, significant competitive safeguards in the early years have to be built into legislation to ensure that the competition policy becomes effective. When coupled with Australia's liberalised domestic and international resale regime, it could be argued that nowhere else in the world has there been a market tilt on such a scale against the incumbent.



While the competitive safeguards will fall away as competition becomes established, the intervening period is an exceptionally difficult and demanding time in which to have to direct and manage a corporation, whose scope to respond is frequently and explicitly circumscribed by legislation and regulation. An orderly and well-defined process towards the phasing out of the competitive safeguards is essential.

The reform process needs to strive for reasonable balance between the rate at which the benefits of competition can be passed on in the market place to the consumer, and the rate at which these benefits can be generated effectively out of more efficient operations within the former traditional monopolist. Failure to strike the appropriate balance on a continuing basis could well prejudice the outcomes of reform.

Competitive safeguards are often discussed simply in terms of market share. Of even greater relevance for the Company are which markets and what are the margins, because they can impact directly and dramatically on profitability and in turn ultimately on the net worth of the Corporation.

Whilst Telstra is currently in very sound financial health, in the near term the Company faces levels of risk and uncertainty, which are significantly higher than normal in competitive markets, because so many outcomes are well beyond the Company's capacity to influence. Predictions of either the market or financial future are both hazardous and difficult.

I thank my fellow Directors and all the staff of Telstra for the considerable contributions they have made in dealing with the challenges of our first 17 months of operation. While appreciable progress has been made, much more remains to be done to retain the loyalty of customers, and win business in a competitive environment. In the near term, effective teamwork will be important in meeting our aims of using world's best practices to deliver excellent service for customers.

David M Hoare
Chairman

FIVE YEAR FINANCIAL STATISTICS

TELECOM AUSTRALIA	1988-89 $m	1989-90 $m	1990-91 $m
Financial Statement Items			
Revenue	7,976.8	8,878.9	9,531.2
Expenses	7,003.7	7,588.4	7,905.7
Operating Profit (Before Tax)	973.1	1,290.5	1,625.5
Income Tax	–	2.3	662.8
Operating Profit (after Tax)	973.1	1,288.2	962.7
Dividends	–	185.5	250.0
Capital Investment	2,580.5	2,963.9	2,989.0
Total Assets	15,741.4	19,970.3	22,526.7
Debt	9,422.3	8,959.6	9,267.1
Shareholders Funds	3,466.1	7,991.6	9,847.3
Financial Ratios			
Return on Assets	13.8%	12.3%	12.5%
Debt Ratio	73%	53%	48%
Interest Cover (times)	1.8	2.0	2.3
Return on Average Equity	32.7%	22.5%	10.8%

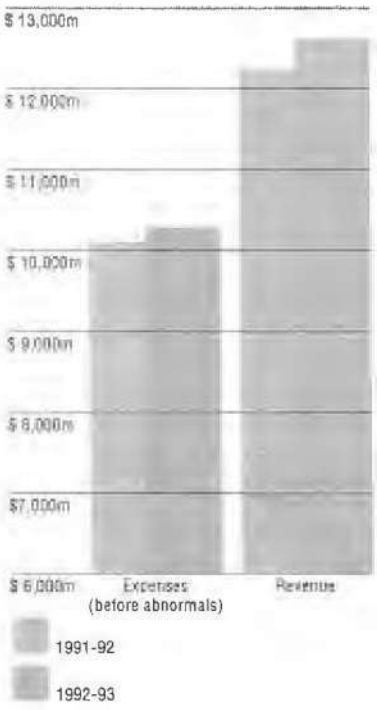
OTC LIMITED	1988-89 $m	1989-90 $m	1990-91 $m
Financial Statement Items			
Revenue	1,280.0	1,517.2	1,691.3
Expenses	985.2	1,131.7	1,238.0
Operating Profit (Before Tax)	294.8	385.5	453.2
Income Tax	106.2	152.4	177.9
Operating Profit (After Tax)	188.7	233.1	275.3
Dividends	84.0	104.0	145.0
Capital Investment	81.2	134.7	129.9
Total Assets	1,143.5	1,313.4	1,509.6
Debt	159.2	118.1	74.4
Shareholders Funds	542.2	675.3	803.4
Financial Ratios			
Return on Assets	27.2%	30.3%	30.6%
Debt Ratio	23%	15%	8%
Interest Cover (times)	18.6	30.9	55.4
Return on Average Equity	41.7%	38.3%	37.2%

TELSTRA CORPORATION LIMITED	1991-92 $m	1992-93 $m
Financial Statement Items		
Revenue	12,228.5	12,655.0
Expenses	11,570.3	10,661.8
Operating Profit (Before Tax)	658.2	1,994.2
Income Tax	344.7	1,089.9
Operating Profit (After Tax)	313.5	904.3
Dividends	478.0	674.0
Capital Investment	3,015.0	2,701.0
Total Assets	22,827.2	23,160.2
Debt	8,921.7	7,717.2
Shareholders Funds	9,905.1	10,886.2
Financial Ratios		
Return on Investment	17.1% (9.6%)	17.4% (15.5%)
Debt Ratio	47.0%	41.0%
Interest Cover (times)	2.7 (1.5)	3.6 (3.2)
Return on Average Equity	11.7% (3.1%)	13.5% (8.7%)

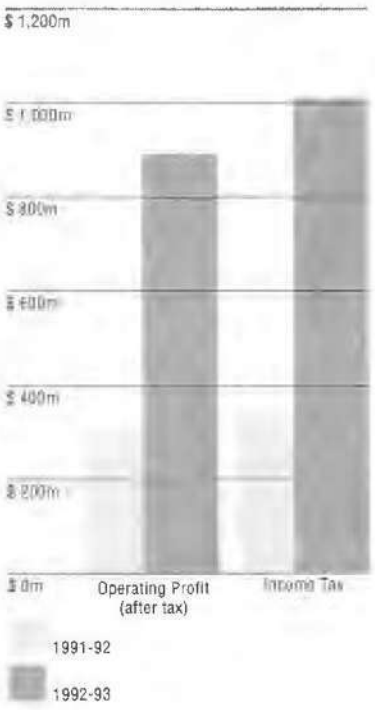
Note:
1. Although Telstra did not commence operations until February 1992, reconstructed accounts for the full 1991/92 financial year have been prepared for the merged entity.
2. Ratios in brackets are after abnormal items.

TELSTRA – KEY FINANCIAL RESULTS

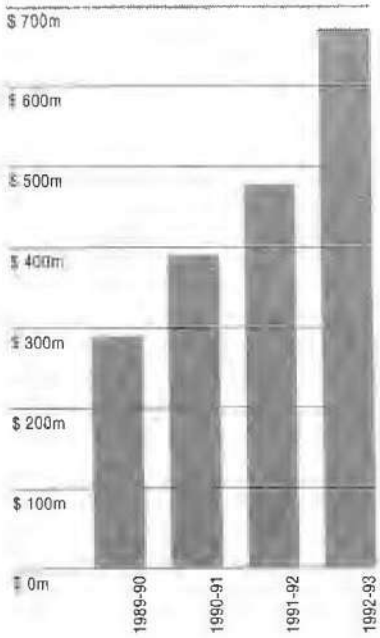
EXPENSES / REVENUE



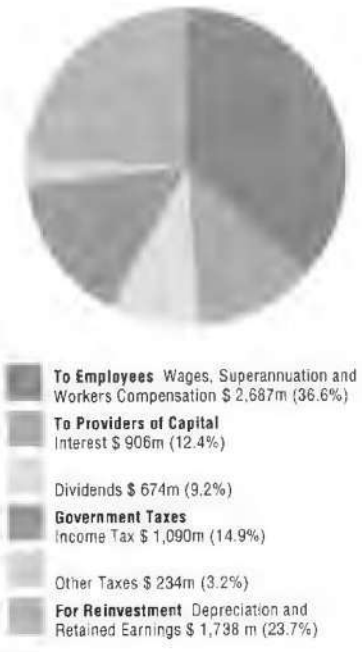
OPERATING PROFIT / INCOME TAX



DIVIDEND GROWTH



TELSTRA'S VALUE ADDED


To Employees Wages, Superannuation and Workers Compensation $ 2,687m (36.6%)
To Providers of Capital
Interest $ 906m (12.4%)
Dividends $ 674m (9.2%)
Government Taxes
Income Tax $ 1,090m (14.9%)
Other Taxes $ 234m (3.2%)
For Reinvestment Depreciation and Retained Earnings $ 1,738 m (23.7%)

We are committed to winning in the competitive environment and one of our key business imperatives is to achieve excellence in customer service and value.

The Company has clear goals for this decade – to be renowned for excellence in dealing with customers and be the first choice for customers with telecommunications needs, to be a leading telecommunications company in the Asia-Pacific region, and to be one of the most efficient, most effective and most innovative telecommunications companies in the world.

A key challenge during the year under review has been to manage the impact of the unprecedented changes that are sweeping through the telecommunications industry. The introduction of network competition, the granting of additional public mobile licences and regulatory outcomes such as the preselection ballot have required significant management attention.

To meet these challenges, it has been essential to concentrate on making the business more competitive and efficient and to look to opportunities for sustained long term growth.

We are committed to winning in the competitive environment and our key business imperatives are to:

- achieve *excellence* in *customer service and value*;
- strive for world's best practice *financial performance*, including competitive pricing and the management of costs, capital efficiency and systems support;
- drive *business growth*, including the development of new markets in Australia and offshore; and
- develop and maintain excellence in *our people* to sustain our future.

I turn to each of these in some detail.

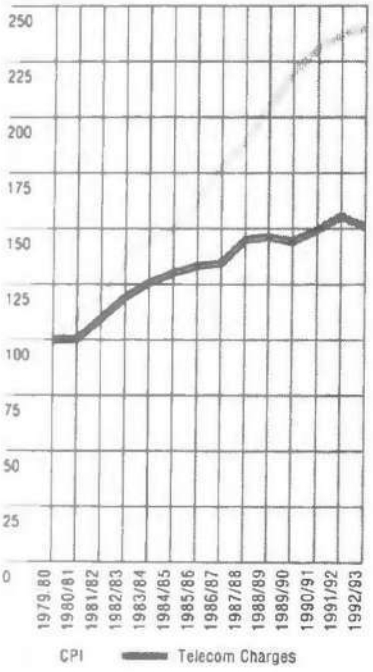
Customer Service and Value

One of the top priorities for the Company is to deliver value to our customers in the most effective way and in the shortest possible time frame.

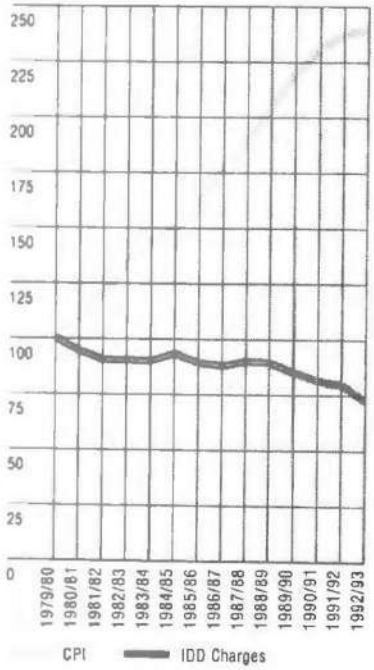
To assist in this drive towards service excellence, a special Company initiative (Breakthrough for Customers) was created to improve the processes we had in place for dealing with customers – covering installation, fault repair and prevention, billing, and customer contact.

Service hours have now been extended, customer appointment schemes introduced to enable customers to receive service at times which better suit their needs, complaints handling procedures are being standardised and enhanced to provide a better and more consistent service to customers, and opportunities have been identified for an innovative range of billing formats and services.

TELECOM CHARGES VERSUS CPI



IDD CHARGES VERSUS CPI



Special attention has also been given to streamlining the processes associated with directory services, developing a proactive fault report program for the network and enhancing the way in which we meet the requirements of customers for international networks. In the area of directory assistance (where an average of 595,000 calls per day are handled), there has been a major improvement in customer service through improved processes and technology

For residential and business customers, we established specific "13" contact numbers for sales, telephone installation and account enquiries to make dealing with us as quick and as easy as possible.

During the year special attention was also paid to putting in place service guarantees for the installation and repair of the standard telephone and mobile telephone services, and for operator assistance. For example, if customers are not completely satisfied with the way we have connected their service – home, office or mobile – we will provide one months basic service line rental free of charge.

Financial Performance and Pricing

The operating profit before tax and abnormals reported by the Chairman of $2,356.2m was a good outcome in the current economic climate and represents a rate of return on investment of 17.4%, compared to 17.1% in 1991/92.

Improvements in revenue, which grew by 3.5% to $12,656.0m, contributed to the favourable result. Expenses before abnormal items were $10,299.8m. The increase from the previous year was limited to 1.9% by the impact of cost cutting measures, lower than anticipated capital expenditure, restructuring, and lower interest costs flowing from the conversion of $1billion of Commonwealth debt to equity during 1992/93.

After tax profit of $904.3m was affected by an abnormal tax expense of $279.1m resulting from a reduction in the tax rate from 39% to 33%.

Telstra continued to strengthen its financial structure during the year with debt ratio declining from 47% to 41% and interest cover (before abnormals) improving from 2.7 times to 3.6 times.

We are one of the largest contributors to the national wealth which is measured by our value added contribution to the national economy of $7.3 billion – 2.1% of Australia's Gross Domestic Product. The distribution to government, employees, providers of capital, and internal investment is shown in the chart on page 7.

For more than a decade, customers have benefitted from reductions in STD® and IDD calls through the introduction of new technology and improvements in efficiency and productivity. These trends continued with STD call reductions of up to 9% on particular capital city routes from 6 May 1993. At the same time, customers on the lower traffic, long distance routes also benefitted from reductions in the price of STD call The cost of a five minute Melbourne to Sydney day rate call has fallen from $4.50 in 1980 to $1.73 now – an 84% drop in real terms.

For more than a decade, customers have benefitted from reductions in the price of STD and IDD calls.

IDD prices were reduced 10% on average during the year, both through reductions in rates to commonly called countries and through the extension of off-peak periods to 13 hours per day during weekdays and 24 hours each day over the weekend.

Our marketing of Flexi-Plan™ services, for example, Total Call Saver™, Everyday Saver™, Business Circle™, provided residential and business customers with better calling options. There has been high market acceptance of the plans.

The average price level for the standard telephone service reduced 3.6% during 1992/93. This result reflects the combined effect of STD and IDD call and Flexi-Plan service reductions, and also that the key tariffs for telephone service connection, rental and local calls were held constant during the year.

Despite the overall financial results and pricing initiatives, it must be emphasised that there is still a long way to go to achieve world's best practice outcomes.

Business Growth

New markets are a priority. That means devising new services and products such as digital mobile to generate new demand, entering new markets such as Pay TV and interactive multi-media and having an aggressive target for off-shore expansion.

Domestic Business

During the year, we achieved strong growth in both telephone traffic and demand for telephone services. Total network growth was 3.4%, bringing the number of telephone services in operation at the end of the year to nearly 8.54 million.

We now operate the fifth fastest growing cellular network in the world, well ahead of most other OECD countries.

The Company is committed to its obligation to provide the standard telephone service and payphones on a universal basis, and co-operated closely with the independent regulator, AUSTEL, in its development of guidelines for these services, and its inquiries into the provision of telephone services to rural and remote areas and of payphone services.

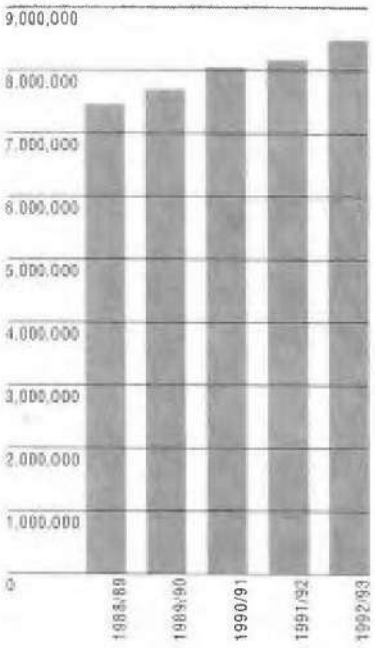
The subsequent AUSTEL reports found, in general, that these services were meeting customer needs. Specific recommendations are being addressed as appropriate in our planning processes.

We continued with the drive to modernise the network through the extension of digital technology and optical fibre pathways. New technology makes it feasible to offer customers enhanced facilities and, for example, by the end of the year STD/IDD call itemisation on bills was available to over 77% of customer services.

Stimulated by increased publicity, and lower terminal and network prices, the cellular business continues to report substantial growth. By the end of June 1993, more than 560,000 customers were connected to Telecom MobileNet™, up 27% from June 1992. We now operate the fifth fastest growing cellular network in the world, well ahead of most other OECD countries.

An important development was the launch of the new MobileNet Digital™ service in April 1993; an Australian first and the second outside Europe. Now Telecom MobileNet has two quality networks: Analogue, offering 85% population coverage, and Digital, with added security and clarity covering 55% of the population at launch.

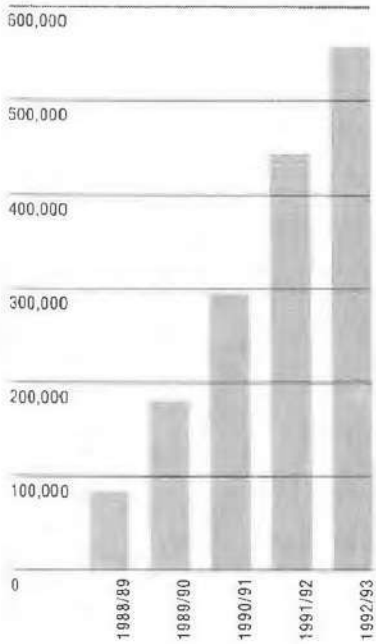
TELEPHONE SERVICES IN OPERATION



Other important product developments included:

- the launch in March 1993 in Brisbane of a commercial trial of Talkabout® – a new digital cordless personal communications service for use in offices, homes and around metropolitan areas. It is the first such service in the world to provide two-way calling for customers;
- the introduction of a new system – Satcom M™ – which offers global travellers and remote area users in Australia ready access to low cost satellite communications (including voice, data and fax), using a light weight, briefcase sized terminal;
- the introduction in late May 1993 of FASTPAC® – a high speed data communications service based on the latest developments in optical fibre and switching technology. It is particularly suitable for the transparent interconnection of Local Area Networks.

CELLULAR MOBILE TELEPHONE SERVICES IN OPERATION



Our major customers often require end-to-end service beyond the standard offerings, which could involve provision of information technology and telecommunications solutions tailored to meet their specific needs. We have responded by becoming one of Australia's biggest Systems Integration suppliers, and are pursuing outsourcing contracts for both telecommunications and information technology. Major current contracts include the provision of the Defence Packet Switched Data Network and continued progress in design and provision of the $700m Jindalee Operational Radar Network for the Department of Defence, and the building and operation for the Victorian and New South Wales Governments of Private Trunked Mobile Radio networks.

A decision was made during the year to enter into a Pay TV consortium with the aim of not only being a carrier of the service but, in conjunction with partners, of being involved in the overall business of packaging and marketing programs.

Our involvement in Pay TV will also provide the opportunity to support the expansion of our national optical fibre network and accelerate the convergence of telecommunications and broadcasting which will stimulate new information based industries such as interactive video, teleshopping and Telecom's Telecommuting™ services.

International Business

Our strategies for international growth are built around two primary objectives: meeting the requirements of global customers, particularly through alliances with other carriers and providing regional telecommunications hubs; and drawing on our substantial technical, marketing and financial resources to provide telecommunications systems and services in other countries, particularly in the Asia-Pacific Region.

We provided telecommunication systems and services in other countries, particularly in the Asia-Pacific Region.

As part of the efforts to widen our markets, the Company's international arm is seeking to increase revenues earnt offshore to around $1.5 billion a year in the next five years. This is an ambitious target in an area of relatively new business, but it reflects the opportunities that we can identify in providing products and services in the Asia-Pacific, which is the world's fastest growing region with massive potential demand for advanced communications services. As an integral part of our growth offshore we are working closely with Australian industry and government to ensure that we maximise export opportunities.

We continued to assist in the development of network systems and services in Vietnam, Cambodia, Laos, Saudi Arabia, the Central Asian republic of Kazakhstan, and Sakhalin in the Russian Far East; and provide specialised services through successful joint ventures in Hong Kong, Thailand and the Philippines. During the year, the Company completed the installation of a 2,100 kilometre optical fibre communications cable in Pakistan, started rolling out a cellular mobile telephone network in Sri Lanka and was awarded a licence to operate a digital mobile (GSM) service in New Zealand.

To further consolidate our regional associations and to enhance the capacity to provide global networking services to corporate customers, new offices were opened in Singapore, Taiwan, Korea and Malaysia, bringing the number of liaison offices in Asia to nine. To support our growing presence in the region, we became a foundation sponsor of the Australian Broadcasting Corporation's Asian television service (ATVI).

In March 1993, the Minister officially opened PacRimEast (New Zealand/Hawaii), Australia's first optical fibre cable connection with the world's major business centres. Customers calling many overseas destinations now benefit from clearer calls and faster, easier access through optical fibre's vast transmission

capacity. PacRimEast, via TASMAN 2 (Australia/New Zealand), interfaces with Laserlink™ (our extensive domestic optical fibre network) to support new and emerging services such as high-speed computer links and fully interactive multi-media services that will revolutionise the way Australians do business.

Construction commenced on the final stage of the South Pacific Network, PacRimWest, scheduled to provide direct optical fibre links from Australia to Guam and onwards to Asia and Japan by late 1994. We are an initiator, founding investor and major owner of this network and we are on course to lift our strategic investment in international cable systems worldwide to more than $1 billion by the year 2000. The Company is already among the world's leading owners of modern undersea communications cables.

We continued to work closely with Federal and State governments in encouraging Australian and foreign multinationals to establish hubs and data centres in Australia and more than 100 major enterprises have chosen Australia and our Company for their Asia-Pacific hubs.

Industry and Research

An Industry Development Plan was developed in 1992 to establish a framework to work with Australian industry. In 1992/93, orders for over 95% of the $3 billion spent on equipment and services were placed directly with Australian firms with a total Australian content of some 70% being achieved, reinforcing our stated preference to purchase equipment, products and services from Australian firms.

We spent approximately $150 million on research and development – $64 million of this was through our Telecom Research Laboratories.

The Plan envisages strategic relationships with key Australian based suppliers to enable the industry to plan longer term and keep plant and equipment investment within Australia and to work together to export to Asian markets. Progress was made towards the first of these agreements in the major industry sectors of switching and transmission equipment.

We spent approximately $150m on research and development, and $64m of this amount was through our Telecom Research Laboratories. There are a number of research arrangements between the Laboratories and other organisations and particular highlights were the renewal of our contract research into mobile communications at the University of South Australia, and the establishment of an experimental high speed Asynchronous Transfer Mode (ATM) network between our Research Laboratories in Melbourne and those of the Defence Science & Technology Organisation near Adelaide.

We have developed and marketed electronic directory products such as Electronic White Pages™ and Telecom Business Finder™, and an extensive R&D program is being implemented to ensure we are able to meet future customer directory needs. The areas covered by the program include speech recognition, artificial intelligence, X.500 (the international standard for electronic directories), and graphics storage, transmission and display.

As part of our research into telecommuting and to assist rural development and revitalisation, we initiated and sponsored the first three telecottages in Australia. The Government is now providing funding for a number of telecentres in rural areas over the next four years.

Residential customers are participating in trials of hybrid coaxial and optical fibre to their homes for the delivery of video services and trials of Pay TV and other advanced services are planned. A community consultation process has been established to ensure a strong customer voice in the services we develop.

Economic interactive video could be available soon, through delivery via the copper wire that enters more than 94% of Australian homes, due to recent advances in Asymmetrical Digital Subscriber Line. The use of this technology as a means of delivering a variety of video-based services is being investigated by our Research Laboratories.

Our People

As our people seek to adjust to a changed and changing environment, it is a priority of the Company to create an environment that allows them the scope to use all their skills and expertise, and to replenish, renew and expand those skills continuously throughout their working lives.

We have programs in place to achieve the right match of people and jobs. One is our National Skills Service Centre, which was established last year to respond to the inevitable dislocation accompanying the introduction of network competition in Australia. Its role is to optimise redeployment opportunities for staff who wish to remain with us, provide support services, and assist in the retention of a viable skill base.

Another initiative is the People Development Strategy which is being progressively implemented through 1993 and 1994. Through this strategy we will develop our top managers under the auspices of the Telecom Centre for Leadership. The Centre will focus on developing personal leadership and strategic business capabilities in our key people. Another element of the strategy focusses on the selection and development of our first level managers, a group of crucial importance for our customer interface and market performance.

The Company remains committed to equal employment opportunity policies and practices and full details of our programs appear in a separate statutory report. Of significance during the year was the announcement of a New Partnership Program to refocus attention to our commitment to assist Aboriginal people.

Telstra is subject to the Occupational Health and Safety (Commonwealth Employment) Act 1991. The formal report required by the Act appears on page 66.

One of the most important factors in our business success and future growth is the quality of management/employee relations and it is pleasing to report that an historic Enterprise Agreement,

The Company is committed to its obligation to provide the standard telephone service on a universal basis, including to rural and remote areas.

"An Agreement for Business Improvement and Future Growth", was negotiated with unions. It was certified by the Australian Industrial Relations Commission in February 1993.

The Agreement extends to 30 June 1994 and provides for phased salary increases based on the implementation of performance and productivity initiatives, with particular focus on initiatives negotiated at the Business Unit level.

Our experience has been that enterprise bargaining is important to facilitate productivity and performance improvement. The enterprise bargaining process also assists in improving the relationship between management, employees and their unions, although this process is not sufficient in itself. Other programs have been put in hand to address employee relations, including staff communications as an important priority.

An important development during the year was the roll out of a revised Code of Conduct which commits all our employees to honesty, integrity and superior service – a commitment to deliver a fair product at a fair price, in accordance with customers' desires and expectations, and with the highest standards of personal and professional behaviour.

Community Involvement

We are conscious of the importance of meeting our environmental obligations to the Australian community and we released a Corporate Environmental Plan in July 1993 which documents our responsibilities and commitments to protect the natural environment and our cultural heritage. For example, community involvement in the Book Muncher™ directory recycling program continues to grow, taking us closer to our objective of minimising the number of collected books going to landfill. The education and training of staff about the environment and their responsibilities is an important element of the Plan.

Our customer consultation groups, such as the Telecom Australia Consumer Council (TACC) and the Telecom Small Enterprise Policy Panel (TSEPP), are particularly important in maintaining interaction between consumer groups to help us provide appropriate services for customers.

Consumer representatives have also contributed to the development of Telecom's customer information which has led to an important initiative within TACC and TSEPP: the development of a Code of Practice for our telephone service. The Code will include information for customers on terms and conditions, levels of service, features, rights and our obligations and will address all these aspects from both the residential and business customer perspectives.

We are proud to support a wide range of community activities and one of our major corporate sponsorships was the Sydney Dance Company.

A Payphones Access policy was developed through the Consumer Councils, including representatives from People with Disabilities (NSW) and the Consumers Telecommunications Network. The policy, released in

May 1993, will ensure that payphone accessibility, use and location are suitable for members of the community with special needs.

Our support of social and policy research in telecommunications continued through program funding to research institutions, grants to academic researchers and community based groups, and post graduate awards to masters and doctoral students.

We are proud to support a wide range of community events and activities, both through corporate sponsorship and staff involvement and we announced our continuing support for the Australian Olympics, Commonwealth Games, and Women's Hockey teams. Other major sponsorships included the Sydney Dance Company, Lifeline and Landcare.

We supported a number of events directly related to our industry including the Australian Quality Awards, and Women in Technological Careers which fosters the education of Australian women in technological fields. Of importance too were the Telecom and Australian Government Small Business Awards which promote small business success. They recognise excellence and the significant contribution this important sector makes to the Australian economy.

Outlook

I have outlined the solid progress we are making towards achieving our business imperatives but there is still some way to go.

We are entering into a period of some uncertainty with the plans for preselection ballots to enable customers to choose which company will automatically carry their long distance calls. Inevitably, there will be loss of market share but we are determined to earn the loyalty of all customers (including those who may not have favoured Telecom in initial preselection) through building their perception of our comparative value. We must have the will – and the skill – to defend our markets and expand them over time.

We do not underestimate the challenge of competition but service excellence and value for customers through improved technology, cost control and concentration on core business will deliver success. It is our aim to remain Australia's full-line carrier of choice, focused on providing solutions for customers characterised by innovation, quality service, value, increasing shareholder returns and offering demanding and rewarding work for our people.

In April 1993 we launched a new corporate identity and united the Company under a single graphic symbol with new corporate livery. I am confident that the new identity will become associated with a Company renowned for excellent customer service, strength and Australian determination.

We have come a long way in the first 17 months and I thank all of our employees for their contribution. Our challenge now is to build on this momentum and achieve the goals we have set ourselves.

W. Frank Blount
Chief Executive Officer

TELSTRA – MANAGEMENT AND ORGANISATION

Under the Board of Directors, Telstra's activities are controlled by the Chief Executive Officer. Four Group Managing Directors report to the CEO. Three hold overall responsibility for our various business activities and the fourth is responsible for Finance and Administration. Four Corporate Directors also report to the CEO, across the areas of Industrial Relations; Personnel; Marketing; and Breakthrough.

An outline of the organisation is depicted in the chart opposite and the following is a brief description of the role of the various businesses.

Corporate and Government

Serves approximately 3,000 of Australia's largest enterprises from the corporate and government sectors, providing sophisticated communications solutions to meet complex business needs.

These needs include requirements for customised voice and data transfer, through to value added services, facilities management and systems integration.

International

Spearheads Telstra's growth offshore. International also provides overseas telecommunications services and products, and is responsible for agreements with overseas bodies and carriers in relation to the management of telecommunications traffic.

Enterprises

Enterprises Business comprises six lines of business providing mobile, payphone, operator-assisted, directory, maritime and broadcasting services which deliver to customers a quality range of wireless and network services both in Australia and in the Asia-Pacific region.

Commercial

Provides communications products and services uniquely able to help Australia's 890,000 small and medium size businesses grow in efficiency, profitability and strength.

Consumer

Delivers telecommunications and information services to approximately 6 million residential customers.

Network and Technology

Owns the core network (our telephone exchange and inter-exchange network) and oversees network planning, development, construction and operations, where capital efficiency is a critical objective. Also responsible for network product development; applied research and development; information technology planning, systems development and operations; and the provision of other services within the Company such as property management, automotive plant and materials handling.

Board of Directors

Board of Directors Committees

Frank Blount
Chief Executive Officer

Charles Zoi
Director
Marketing

Bruce McKay
Director
Personnel

Bill Dawson
Director
Industrial Relations

Dennis Flentje
Director
Breakthrough

Steve Burdon
Group Managing Director
Corporate, International and Enterprises

Lindsay Yelland
Managing Director
Corporate and Government

Peter Shore
Managing Director
International

Warren Grace
Managing Director
Enterprises

Harvey Parker
Group Managing Director
Commercial and Consumer

Ian Campbell
Managing Director
Commercial

David Oertle
Managing Director
Consumer

Doug Campbell
Group Managing Director
Network and Technology

Brian Lovelock
Chief Information Officer & Executive General Manager
Information Technology

Gerald Moriarty
Managing Director
Network Products

Pat Minihan
Executive General Manager
Services

Ray Liggett
Director **Research**

Paul Rizzo
Group Managing Director
Finance and Administration

Shane Allan
Director **Finance**

Cliff Davis
Treasurer

Chris Vonwiller
Director **Corporate Affairs**

Graeme Ward
Director **Strategy**

Jim Holmes
Corporate Secretary

Warwick Gilbert
Director **Audit and Security**

In respect of the financial year ended 30 June 1993 the Directors of Telstra Corporation Limited, the Corporation and chief entity, submit the following report made out in accordance with a resolution of the Directors.

Directors

The names of the Directors of the Corporation in office at the date of this report and details of their qualifications, age, experience and special responsibilities are set out hereunder:

David M. HOARE B.Ec, F.C.P.A. **Chairman** Age 60

Re-appointed Chairman for three years from 2 December 1992.

Chairman, Bankers Trust Australia Limited; Director, Comalco Ltd, Pioneer International Ltd Group; and Trustee, Sydney Opera House.

Prior to his current appointment, Mr Hoare was Chairman of the Commonwealth Telecommunications Interim Board Ltd, and Chairman of OTC Ltd.

Alex L. MOROKOFF A.O., A.S.T.C.(Eng.), F.I.E. (Aust.), Cp (Eng.). **Deputy Chairman** Age 63

Appointed Deputy Chairman for two years from 2 December 1991.

Chairman, MFP Development Corporation, Civil and Civic and Australian Eagle Assurance; Deputy Chairman, Lend Lease Corporation Ltd, Work Skill Australia and MLC Life Ltd; Director of IBM Australia, David Jones Ltd, The Adelaide Steamship Co Ltd, Industrial Equity Ltd and Tooth & Co Ltd; Trustee of the Royal Melbourne Hospital Neuroscience Foundation.

Mr Morokoff was Chairman of the Australian Telecommunications Corporation and Deputy Chairman, Commonwealth Telecommunications Interim Board Ltd.

William Franklin BLOUNT B.S.(Elec.Eng.), M.B.A. **Chief Executive Officer** Age 55

Appointed Chief Executive Officer January 1992.

Prior to joining Telstra, Mr Blount held Presidential positions with the USA telecommunications company, AT&T, in sale and marketing, training and education and network operations.

Mr Blount has held positions including Chairman, National Technical Institute for the Deaf; Chairman, Rochester Institute of Technology; and Chairman, Advisory Board, Georgia Institute of Technology.

In addition, Mr Blount headed the New American Schools Development Corporation – a non-profit organisation established by American business leaders to launch the design of high performance learning environments for children.

Michael H. CODD A.C., B.Ec.(Hons). Age 53

Appointed a Director for five years from 14 February 1992.

Chairman of Byrne Fleming Australia Ltd; Director of Qantas Airways Limited, IBM Australia Ltd and Menzies Foundation; Councillor, Asia-Australian Institute and Constitutional Centenary Foundation.

William L. DIX A.O., F.C.P.A., F.A.I.M., A.C.I.S., A.C.I.M. Age 66

Appointed a Director for three years from 2 December 1991.

Chairman of Commission, City of Greater Geelong; Director of CRA, ICI and Geelong Football Club; Trustee of the National Tennis Centre, and the Royal Melbourne Hospital Neuroscience Foundation.

Mr Dix was Deputy Chairman of the Australian Telecommunications Corporation and a member of the Commonwealth Telecommunications Interim Board Ltd.

T. Brian FINN A.O., F.T.S., F.I.E. Age 56

Appointed a Director for five years from 2 December 1991.

Chairman and Chief Executive of IBM Australia; Director of National Mutual Life Association and the Australian Information Industries Association; Member of the Board of Governors of the University of Western Sydney; Chairman of the Australian National Training Authority and the Interim Council of the National Science and Technology Centre; Member of the Business Council of Australia; Member of the Business Higher Education Roundtable; Fellow of the University of Technology, Sydney and Adjunct Professor; Fellow of the Institution of Engineers Australia.

William C. MANSFIELD LL.B. Age 51

Appointed a Director for five years from 2 December 1991.

Assistant Secretary of the ACTU; Member of the Australian Manufacturing Council, the Vocational Education, Employment and Training Advisory Committee, and the National Board of Employment, Education and Training.

Mr Mansfield was a Director of the Australian Telecommunications Corporation and a Member of the Commonwealth Telecommunications Interim Board Ltd.

Elizabeth A. NOSWORTHY B.A., LL.B., LL.M. Age 47

Appointed a Director for five years from 2 December 1991.

Partner in Freehill, Hollingdale & Page; Chairperson of Limitation of Liability Committee of the Law Council of Australia; Board Member of the Federal Airports Corporation; Member of the Board of Management of Freehill, Hollingdale and Page, Sydney; Director of the Infrastructure Development Corporation; Member of the Capital Markets Advisory Board, Queensland Treasury Corporation; Board Member, Supervisory Board, General Property Trust.

Peter J. REDLICH A.O., LL.B. Age 57

Appointed a Director for five years from 2 December 1991.

Senior Partner in Holding, Redlich, Solicitors, Melbourne; Victorian Arts Centre Trust; Board Member of the Melbourne Major Events Committee and the Mental Health Research Institute of Victoria; Director of Tricontinental Holdings Limited; Trustee of the Victorian Aboriginal Cultural Heritage Trust.

Christopher I. ROBERTS B.Com. Age 48

Appointed a Director for five years from 2 December 1991.

Executive Chairman, SBC Dominguez Barry Capital Partners; Director of MLC Life Ltd and BEP Engineering Products Ltd; Chairman, School Advisory Committee, School of Management, University of Technology, Sydney.

Mr Roberts was a member of the Commonwealth Telecommunications Interim Board Ltd.

Robert E. TSENIN B.Ec.(Hons), Dip.Corp.Fin. Age 44

Appointed a Director for five years from 2 December 1991.

Vice President of Goldman Sachs & Co; Director of Sagasco Holdings Ltd.

Murray C. WELLS PhD., M.Com., F.C.P.A., F.A.S.S.A. Age 56

Appointed a Director for three years from 2 December 1991.

Professor of Accounting, Director of the Graduate School of Business, University of Sydney; Member of the New South Wales Science & Technology Council; Trustee, Academy of Accounting Historians.

Professor Wells was Deputy Chairman of OTC Limited.

Steven M. WILSON B.Com., LL.B., A.S.I.A., Member ASX. Age 39

Appointed a Director for five years from 2 December 1991.

Joint Managing Director of Wilson HTM Ltd; Principal of the Wilson Foundation (associated with the Royal Brisbane Hospital Foundation); Member of the Council for Economic Development of Queensland, and a Member of the Council of Queensland University of Technology.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Corporation during the financial year are:

	Board of Directors' Meetings		Finance Committee Meetings		Audit Committee Meetings		Human Resource Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
DIRECTOR								
Mr D M Hoare	13	12	13	12	8	6	5	4
Mr A L Morokoff	13	6	13	3	–	–	–	–
Mr M H Codd	13	12	–	–	8	7	–	–
Mr W L Dix	13	12	13	8	–	–	–	–
Mr T B Finn	13	12	–	–	–	–	5	5
Mr W C Mansfield	13	8	–	–	–	–	5	5
Ms E A Nosworthy	13	12	–	–	–	–	5	5
Mr P J Redlich	13	11	13	10	–	–	5	2
Mr C I Roberts	13	11	13	12	–	–	–	–
Mr R E Tsenin	13	12	13	13	–	–	–	–
Prof M C Wells	13	11	13	12	8	8	–	–
Mr S M Wilson	13	12	–	–	8	7	–	–
Mr W F Blount	13	12	13	13	8	6	5	5

Principal Activities of the Economic Entity

The principal activity of the economic entity constituted by the Corporation and the entities it controlled from time to time during the financial year was to provide telecommunications services for international and domestic customers.

Trading Results

The results for the year ending 30 June 1993 represent the first full financial trading year for the Corporation.

The consolidated net profit for the economic entity for the financial year was $904.8 million, after deducting income tax expense of $1,089.9 million and adding losses attributable to outside equity interests in controlled entities of $0.5 million.

Dividends

The Directors of the Corporation recommend that a final dividend of $329.0 million be paid for the financial year ended 30 June 1993. An interim dividend of $345 million, for the financial year ended 30 June 1993, was paid in July 1993.

For the year ended 30 June 1992, a final dividend of $263 million was paid in December 1992 out of prior years' retained profits as recommended by the Directors in last years' Directors' Report.

Review of Operations

Operating revenue was $12,656.0 million for the economic entity compared to $12,228.5 million for the reconstructed combined operations of OTC Limited and the Australian Telecommunications Corporation for the seven month period to 31 January 1992 plus the operations of the Australian and Overseas Telecommunications Corporation Limited for the five month period to 30 June 1992.

Operating expenses before abnormal items were $10,299.8 million compared to $10,108.7 million for the reconstructed comparable previous period.

Operating profit before income tax and abnormal items was $2,356.2 million compared to $2,119.8 million for the reconstructed comparable previous period.

An abnormal item of $362.0 million has been provided for to cover expected redundancies in 1993/94. In addition, the impact on future income tax benefits of the change to the Company Tax Rate from 39% to 33% as from 1 July 1993 has been disclosed as an abnormal tax expense of $279.1 million.

Operating profit after income tax and abnormal items was $904.3 million compared to $313.5 million for the reconstructed comparable previous period.

Further information is contained in the Chairman's introduction, Chief Executive's Review and other sections of this Annual Report.

These sections together with the accompanying Financial Statements contain a detailed review of the operations and the results of the Corporation and of the economic entity for the financial period ending 30 June 1993. The comparative figures cover the period from the commencement of trading on 1 February 1992 to 30 June 1992. For the Profit and Loss Accounts, an additional consolidated column, representing the reconstructed amounts for the full year ended 30 June 1992, has been included for comparative purposes.

Changes in the State of Affairs

On 13 April 1993, the Corporation changed its name from the Australian and Overseas Telecommunications Corporation Limited to Telstra Corporation Limited. The Corporation will continue to trade domestically as Telecom Australia and will trade overseas as Telstra.

During 1992/93, $1 billion of Government debt was converted to equity through the following arrangements:

- On 1 July 1992, the Government was allotted a further 1 billion $1 ordinary shares paid to $0.01.
- On 30 November 1992, a further call of $0.49 per share was made on the 1 billion $1 ordinary shares paid to $0.01, and the Government was allotted a further 1 billion $1 ordinary shares paid to $0.50.
- The remaining uncalled amount of $0.50 per share in respect of the 2 billion shares, i.e. $1 billion, is to be converted in four installments of $250 million each on 1 July 1993, 1994, 1995 and 1996.

Events Subsequent to Balance Date

Since the end of the financial year, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years, apart from:

- On 1 July 1993, $250 million of Australian Government debt was converted, being one of four installments in payment of the remaining uncalled amount of $0.50 per share in respect of the 2 billion shares allotted during the 1992/93 financial year.
- On 30 July 1993, the Corporation paid $60 million for the purchase of 30 million shares at an issue price of $2, representing an investment of 10%, in Television Holdings Limited (changing its name to Seven Network Limited and Telstra Corporation Limited).
- AUSTEL has determined that the Corporation is the dominant carrier in the mobiles communications market, however, the Corporation is taking Federal Court action to challenge this finding.

Likely Developments

AUSTEL has decided that customers will be able to preselect by ballot the company they want automatically to carry their domestic long distance and international calls. Balloting commenced in Canberra during July 1993, and will continue until 1997. A customer who does not respond to the ballot will automatically remain with the Corporation. The results of the ballot may have significant implications for the Corporation's future operations. The Canberra ballot results, announced by AUSTEL on 20 August 1993, indicated that the Corporation has retained approximately 89% of the Canberra telephone lines for long distance calls and that the public response rate was close to 50 %. Optus have announced that a second ballot will not be called in Canberra even though the response rate was not 65% or more.

Directors' Benefits

No Director of the Corporation has, during or since the end of the financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown in the consolidated accounts) by reason of a contract made by the Corporation or a related body corporate with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Rounding Off of Amounts

ASC Class Order

The Corporation is a company of the kind referred to in the ASC Class Order dated 15 June 1993, and in accordance with that Class Order, amounts in the accounts and Directors' reports have been rounded off to the nearest tenth of a million dollars unless specifically stated to be otherwise.

Directors' Interests in Contracts

No Director has an interest in a contract or proposed contract with the entity or related entity, being an interest the nature of which the Directors are required to declare in accordance with Section 231(1) of the Corporations Law.

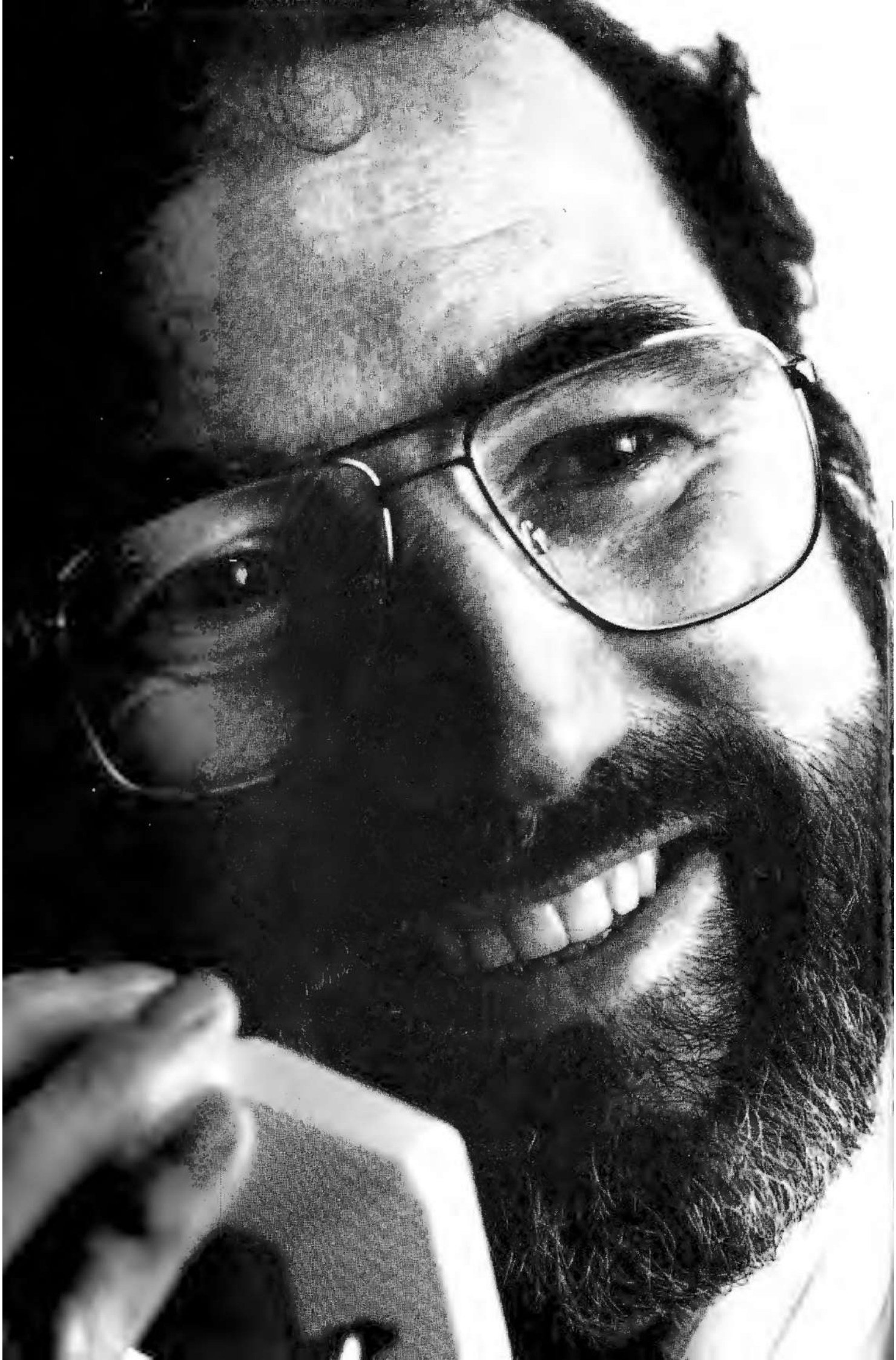
For and on behalf of the Board

Director

Director

City: Sydney

Date: 2 September 1993



FINANCIAL STATEMENTS
AS AT 30 JUNE 1993

Telstra Corporation Limited
Economic Entity
ACN 051 775 556

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PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1993

	Note	Consolidated		Consolidated	The Corporation	
		Year Ended	Period Ended	Full Year Restated Amounts	Year Ended	Period Ended
	1.18	30/6/93 $M	30/6/92 $M	30/6/92 $M	30/6/93 $M	30/6/92 $M
Operating revenue	2	**12,856.0**	**5,042.6**	**12,228.5**	**12,518.9**	**4,917.3**
Operating profit before abnormal items	3	2,356.2	810.0	2,119.8	2,334.9	756.6
Abnormal items	3	362.0	239.8	1,461.6	362.0	239.8
Operating profit after abnormal items		1,994.2	570.2	658.2	1,972.9	516.8
Income tax attributable to operating profit	4	1,089.9	242.4	344.7	1,076.6	224.4
Operating profit after abnormal items and income tax		**904.3**	**327.8**	**313.5**	**896.3**	**292.4**
Outside equity interests in operating profit and extraordinary items after income tax		(.5)	13.7	13.7	-	-
Operating profit and extraordinary items after income tax attributable to the members of the chief entity	23	**904.8**	**314.1**	**299.8**	**896.3**	**292.4**
Retained profits/(accumulated losses) at the beginning of the financial year		2,875.5	(26.3)	(21.3)	2,896.3	16.2
Aggregate of amounts transferred from reserves	18	-	3,065.7	3,075.0	-	3,065.7
Total available for appropriation		3,780.3	3,353.5	3,353.5	3,792.6	3,374.3
Dividends provided for or paid	19	674.0	478.0	478.0	674.0	478.0
Aggregate of amounts transferred to reserves		-	-	-	-	-
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		**3,106.3**	**2,875.5**	**2,875.5**	**3,118.6**	**2,896.3**

The accompanying notes form an integral part of these financial statements.

ALANCE SHEETS AS AT 30 JUNE 1993

	Note	Consolidated As At 30/6/93 $M	Consolidated As At 30/6/92 $M	The Corporation As At 30/6/93 $M	The Corporation As At 30/6/92 $M
CURRENT ASSETS					
Cash		136.9	77.2	86.7	50.0
Receivables	5	3,622.8	3,282.9	4,136.6	3,211.3
Investments	6	-	1.3	-	-
Inventories	7	345.0	349.1	313.4	333.8
Other	10	300.8	387.3	298.0	382.8
TOTAL CURRENT ASSETS		**4,405.5**	**4,097.8**	**4,834.7**	**3,977.9**
NON CURRENT ASSETS					
Receivables	5	219.8	58.9	220.1	56.4
Investments	6	130.7	126.4	189.7	214.4
Inventories	7	31.6	73.3	31.6	73.3
Property, plant & equipment	8	16,942.0	16,800.2	16,869.0	16,730.8
Intangibles	9	42.0	19.4	22.6	4.9
Other	10	1,388.6	1,651.2	1,383.3	1,639.4
TOTAL NON CURRENT ASSETS		**18,754.7**	**18,729.4**	**18,716.3**	**18,719.2**
TOTAL ASSETS		**23,160.2**	**22,827.2**	**23,551.0**	**22,697.1**
CURRENT LIABILITIES					
Creditors and borrowings	11	2,818.0	3,583.7	3,133.8	3,559.1
Provisions	15	2,288.6	1,390.5	2,271.4	1,331.0
Other	16	596.8	545.1	592.7	533.8
TOTAL CURRENT LIABILITIES		**5,703.4**	**5,519.3**	**5,997.9**	**5,423.9**
NON CURRENT LIABILITIES					
Creditors and borrowings	11	5,796.3	6,571.6	5,896.0	6,566.6
Provisions	15	762.3	829.9	758.9	828.8
Other	16	12.0	1.3	12.0	.8
TOTAL NON CURRENT LIABILITIES		**6,570.6**	**7,402.8**	**6,666.9**	**7,395.2**
TOTAL LIABILITIES		**12,274.0**	**12,922.1**	**12,664.8**	**12,820.1**
NET ASSETS		**10,886.2**	**9,905.1**	**10,886.2**	**9,877.0**
SHAREHOLDERS' EQUITY					
Share capital	17	5,933.3	4,933.3	5,933.3	4,933.3
Reserves	18	1,834.6	2,047.4	1,834.3	2,047.4
Retained profits		3,106.3	2,875.5	3,118.6	2,896.3
Shareholders' equity attributable to members of the Chief Entity		10,874.2	9,856.2	10,886.2	9,877.0
Outside equity interest in controlled entities	23	12.0	48.9	-	-
TOTAL SHAREHOLDERS' EQUITY		**10,886.2**	**9,905.1**	**10,886.2**	**9,877.0**

The accompanying notes form an integral part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements of Telstra Corporation Limited (referred to as the Corporation or Telstra) and the consolidated financial statements of the economic entity, comprising the Corporation and the entities it controls, are stated to assist in a general understanding of these financial statements. These policies have been consistently applied by entities in the economic entity and are consistent with those of the previous period unless otherwise indicated.

1.1 Basis of Preparation

The financial statements of the Corporation and the consolidated financial statements have been prepared in accordance with the Statements of Accounting Concepts, applicable Accounting Standards and the provisions of Schedule 5 to the Corporations Regulations.

They have been prepared on the basis of historical cost and, except for certain categories of property, plant and equipment, do not take into account current valuations of non current assets.

The carrying amounts of all non current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non current asset exceeds its recoverable amount, the asset is written down to the lower value. In assessing the recoverable amounts the relevant cash flows have been discounted to their present value.

1.2 Principles of Consolidation

The consolidated financial statements of the economic entity include the assets and liabilities of the Corporation and the entities it controlled at the end of the financial year and the results of the Corporation and the entities it controlled during the year. Where entities are not controlled throughout the financial year, where material, consolidated results include the results of those entities for that part of the period during which control exists.

The entities controlled during the period are listed in Note 23 to the financial statements. Consolidated retained profits include retained losses in controlled entities.

The effect of all transactions between entities in the economic entity for the year ended 30 June 1993 and inter-entity balances as at 30 June 1993 are eliminated in full in preparing the consolidated financial statements. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated Profit and Loss Accounts and Balance Sheets respectively.

1.3 Operating Revenue

Sales revenue represents revenue earned from the sale of products and services net of returns, trade allowances, duties and taxes paid.

Sales revenue is recognised at the time of the provision of the product or service.

Other revenue includes interest income, dividends received, and proceeds from the sale of property, plant and equipment.

1.4 Income Tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued, no provision for potential capital gains tax has been made as the amount is considered immaterial.

The impact on future income tax benefits of the change to the company tax rate from 39% to 33% as from 1 July 1993 has been disclosed as an abnormal item.

1.5 Receivables

A provision is raised for doubtful debts based on a general review of outstanding amounts at balance date. Bad debts during the period are written off to the provision or directly to the Profit and Loss Accounts depending on when the revenue to which they relate was recognised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.6 Investments

(a) Controlled Entities

A controlled entity is one in which the Corporation is able to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable that other entity to operate with it in pursuing the objectives of the Corporation. Investments in controlled entities are valued in the Corporation's financial statements at cost less any amount written off for permanent diminution in the value of investments. Dividends are recognised in the Profit and Loss Accounts when they are proposed.

(b) Associated Companies

An associated company is one in which the Corporation holds an interest in the issued capital and over which the Corporation is able to exercise significant influence, but does not have control.

Investments in associated companies are valued in the Corporation's financial statements at cost less any amount written off for permanent diminution in the value of investments.

The Corporation does not equity account for shareholdings in associated companies where these results are not material. Dividends are brought to account in the Profit and Loss Accounts when received.

(c) Satellite Consortia Investments

The Corporation's participation in the Intelsat and Inmarsat Satellite Consortia are treated as investments. The investment holdings are in US Dollars and the balance sheet valuations are based on the Corporation's share at balance date and are aligned to Australian currency at the exchange relativities ruling at that date. Any increments/decrements in the value of the investments are transferred to a satellite consortia revaluation reserve. Any decrement that exceeds a previous revaluation is charged to the Profit and Loss Accounts.

(d) Other Investments

Other investments are valued at cost less any amount written off for permanent diminution in their value. Dividends and interest are brought to account when received.

1.7 Inventories

(a) Valuation

Inventories comprise items held for resale together with material and spare parts to be used in constructing and maintaining the telecommunications network. Inventories are valued at the lower of cost and net realisable value.

Costs have been assigned to the majority of inventory quantities on hand at reporting date using the weighted average cost basis; for the remaining quantities actual cost is used.

Current inventories include items expected to be realised or consumed into the telecommunications network within one year.

(b) Long Term Contracts

Valuation

Long term contracts in progress are carried at cost less progress billings where profits are yet to be recognised.

Cost includes both variable and fixed costs directly related to specific contracts, and those which can be attributed to contract activity in general and which can be allocated to specific contracts on a reasonable basis. Those costs which are expected to be incurred under penalty clauses, warranty provisions and other variances are also included.

Recognition of Profit

Profit is recognised on an individual project basis using the percentage of completion method. Profits are not recognised until the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the following can be reliably estimated:

- total contract revenues to be received; and
- costs to complete.

1.8 Property, Plant and Equipment

(a) Acquisition

Items of property, plant and equipment are recorded at cost and depreciated as outlined below (Refer (d)).

The cost of property, plant and equipment constructed by the Corporation and controlled entities includes the cost of material and direct labour and an appropriate proportion of fixed and variable overheads.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.8 Property, Plant and Equipment (Continued)

(b) Reclassification

The Corporation has reassessed the nature of certain of its properties resulting in a reclassification of those assets. Land and buildings which have communications plant erected thereon or housed therein have certain design features integral to their communications plant. These special purpose network land and buildings, together with all communications plant have been reclassified and included in a new asset class 'Communications Assets'. All non-network land and buildings have been included in the financial statements as General Purpose Land and Buildings.

As a result of the reclassification, $537.3 million of network land and $2,021.8 million of network buildings have been transferred to Communications Assets as at 30 June 1993.

(c) Revaluation

The Corporation has adopted a policy of revaluing all of its Land and buildings at least once every three years or more frequently if deemed necessary, in accordance with normal commercial practice. Plant and equipment are revalued from time to time as considered appropriate by the Directors, and the carrying values are not stated at amounts in excess of their estimated recoverable amounts.

Assets under construction and assets brought into service since the most recent valuation are carried at cost.

In compliance with the applicable Accounting Standard AASB1010 "Accounting for the Revaluation of Non Current Assets", certain property, plant and equipment have been written-down to their recoverable amount.

The expected net cash flows included in the determination of the recoverable amount have been discounted to their present value.

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the results of the Corporation in the year of disposal.

(d) Depreciation and Amortisation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives on the straight line basis when installed and ready for use.

A unit method of accounting is applied to all assets, where it is practical and feasible, and in line with commercial practice. A group method of accounting is adopted for certain assets, which are comprised mainly of certain types of cables and ducts. Group assets are automatically written out of the books on attaining the group life, and hence any individual asset may be physically retired before or after the group life.

The service lives and residual values of all assets are reviewed each year and the effects are brought to account in the year concerned.

1.9 Intangible Assets and Expenditure Carried Forward

(a) Goodwill

Goodwill, representing the excess of the cost of equity in controlled entities over the fair value of the identifiable net assets of the controlled entities at the dates of gaining control, is shown as an intangible asset. Goodwill is amortised on a straight line basis over the period of expected benefit subject to a maximum of 20 years from the date of gaining control. The carrying value of goodwill is reviewed annually and adjusted where it is considered necessary.

(b) Patents and Trademarks and Other Expenditure

Costs associated with patents and trademarks and other items of expenditure having a benefit or relationship to more than one accounting period are deferred and amortised over the periods of their expected benefit. The recoverability of intangibles is reviewed annually and adjusted where considered necessary.

(c) Research and Development Costs

Research and development costs are charged to expense as incurred except that costs incurred on certain research and development projects are deferred to future periods to the extent that such costs are expected to be recoverable beyond any reasonable doubt. Deferred costs are amortised from the commencement of the commercial production of the product to which they relate on a straight line basis over the period of their expected benefit but not exceeding five years.

Unamortised costs are reviewed at each balance date to determine the amount, if any, that is no longer recoverable and any amount so identified is written off.

(d) Deferred Expenditure

Material items of expenditure are deferred to the extent that they are recoverable out of future revenue; do not relate solely to revenue which has already been brought to account; and will contribute to the future earning capacity of the economic entity.

Deferred expenditure is amortised over the average period in which the related benefits are expected to be realised. Expenditure deferred in previous periods is reviewed annually to determine the amount (if any) that is no longer recoverable and all such amounts are written off.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.10 Leased Plant and Equipment

Where the Entity is the Lessee

Leases are accounted for in accordance with applicable Accounting Standard, AASB1008, "Accounting for Leases". A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Where non current assets are acquired by means of finance leases, the present value of minimum lease payments is established as a non current asset at the beginning of the lease term and amortised on a straight line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense. Operating lease payments are charged to the Profit and Loss Accounts in the periods in which they are incurred.

In the case of properties leased by the Corporation, costs of improvements are capitalised and amortised over the lower of the useful life of the property or the term of the lease.

Telecommunications equipment amounting to $371.4 million (1992 $290.3 million) is subject to cross border finance leases with third parties. Telstra has full control of this equipment and the intention is that in due course Telstra will gain title to this equipment. Some of this equipment has been used in the construction or upgrading of exchanges and is therefore included as Communications Assets. The remainder is included in inventory as stores. Both the asset and the liability for this equipment are brought to account.

Where the Entity is the Lessor

Plant and equipment under short-term operating leases is included in property, plant and equipment in the Balance Sheets. Rental income is brought to account in the period in which it is earned.

1.11 Foreign Currency

(a) Transactions

Foreign currency transactions are converted at the exchange rates applicable at the date of the transactions. Amounts payable or receivable in foreign currencies at balance date are converted at the rates of exchange ruling at balance date.

Exchange gains and losses and hedging costs arising on contracts entered into as hedges of specific commitments are deferred and if material are brought to account in accordance with the usage of the material to which they relate.

(b) Translation of Controlled Foreign Entities

The Balance Sheets of the controlled entities incorporated overseas (being self-sustaining foreign operations) are translated at the rates of exchange ruling at balance date. The Profit and Loss Accounts are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

1.12 Interest Rate Swaps

Gains or losses on interest rate swaps are included in the measurement of interest payments on the transactions to which they relate.

1.13 Employee Benefits

(a) Employee Entitlements

The amounts expected to be paid to employees for their estimated long service and annual leave entitlements are accrued annually at current wage rates. Provision has been made for identified redundancy payments at 30 June 1993.

(b) Workers' Compensation

The economic entity is self insured in respect of workers' compensation liabilities. Provision is made for these estimated liabilities, based on an actuarial review of the liability including actual accidents and an estimate of incurred but not reported claims, as at 30 June 1993.

1.14 Revenue Received in Advance

Revenue received in advance (Refer Note 16) principally consists of revenue from White and Yellow Pages Directory advertising, and telephone rental. Revenue received in advance is initially deferred and recorded as an other liability. Revenue from directory advertising is recognised at the time the directories are issued. Revenue from telephone rental is recognised over the rental period.

1.15 Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short-term deposits held at call, net of outstanding bank overdrafts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.16 Insurance

The Corporation carries Catastrophe, Directors and Executive Management Indemnity, Fidelity Guarantee and Third Party Insurance, but in respect to other forms of insurance carries its own risk.

With the exception of workers' compensation, any losses are charged to the Profit and Loss Accounts in the year in which the loss is reported.

1.17 Rounding

All amounts in the financial statements have been rounded to the nearest hundred thousand dollars as indicated, unless shown otherwise.

1.18 Comparative Figures

These statements represent the results of the first full financial trading year for Telstra Corporation Limited. The Australian and Overseas Telecommunications Corporation Limited (AOTC) was incorporated on 6 November 1991, and on 13 April 1993 changed its name to Telstra Corporation Limited.

The comparative figures cover the period from the commencement of trading on 1 February 1992 to 30 June 1992. For the Profit and Loss Accounts, an additional consolidated column has been included for comparative purposes which represents reconstructed amounts for the full year ended 30 June 1992 for the merged entity, consisting of Telstra, Australian Telecommunications Corporation and OTC Limited. These amounts were reviewed by the Australian National Audit Office.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
2. OPERATING REVENUE				
Included in the operating profit are the following items of operating revenue:				
Sales revenue	12,133.0	4,716.3	12,070.7	4,694.9
Other revenue:				
Dividends received/receivable from:				
- related corporations	4.1	-	1.8	.5
- other persons/bodies corporate	-	4.5	-	4.5
Interest received/receivable from:				
- related corporations	.1	.3	-	.2
- other persons/bodies corporate	83.3	54.0	81.6	52.0
Proceeds from the sale of property, plant and equipment	181.7	103.4	180.9	103.4
Other	253.8	164.1	183.9	61.8
TOTAL OPERATING REVENUE	**12,656.0**	**5,042.6**	**12,518.9**	**4,917.3**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
3. OPERATING PROFIT				
Operating profit before income tax has been determined after charging/(crediting) the following:				
Amortisation of:				
■ intangibles	1.3	4.7	.8	2.4
■ leasehold improvements	82.4	11.8	82.4	11.6
■ deferred expenditure	7.6	3.2	7.6	3.2
Bad debts written off - trade debtors	**67.1**	**12.1**	**65.7**	**11.8**
Depreciation/amortisation of:				
■ buildings	150.2	57.2	150.1	57.2
■ communications plant	1,573.4	654.1	1,566.7	651.5
■ other plant, equipment and motor vehicles	306.8	127.2	302.1	123.7
Finance charges relating to finance leases	**14.3**	**3.9**	**14.3**	**3.9**
Foreign exchange (gains)/losses	**1.2**	-	**(.2)**	-
Interest paid/payable to:				
■ related corporations	1	1.1	-	.1
■ other persons/bodies corporate	906.3	491.0	907.1	490.7
Loss on sale of property, plant and equipment	**61.7**	**31.9**	**61.6**	**31.8**
Profit on sale of property, plant and equipment	**(17.9)**	**(23.4)**	**(17.6)**	**(23.4)**
Provisions - transfer to/(from):				
■ diminution in value of investments (Note 6)		-	17.6	8.9
■ diminution in value of inventories - finished goods	(19.8)	58.7	(19.7)	58.7
■ doubtful trade debts	12.9	71.0	12.4	63.4
■ employee entitlements	95.3	-	95.3	-
Rental expense on operating leases	**207.5**	**98.4**	**207.2**	**92.1**
Research and development expenses (before crediting any grants)	**85.3**	**35.0**	**77.9**	**26.8**
Charging as Abnormal Items:				
Write off of assets resulting from re-analysis	-	185.6	-	185.6
Income tax expense/(benefit) applicable thereto	-	(72.4)	-	(72.4)
	-	113.2	-	113.2
Provision for diminution in the value of inventories - finished goods	-	54.2	-	54.2
Income tax expense/(benefit) applicable thereto	-	(21.1)	-	(21.1)
	-	33.1	-	33.1
Provision for redundancy	362.0	-	362.0	-
Income tax expense/(benefit) applicable thereto	(141.2)	-	(141.2)	-
	220.8	-	220.8	-
Restatement of deferred tax balances due to change in the company tax rate	-	-		-
Income tax expense/(benefit) applicable thereto	279.1	-	278.4	-
	279.1	-	278.4	-
Total abnormal items (net of tax)	**499.9**	**146.3**	**499.2**	**146.3**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
4. INCOME TAX				
(a) Income tax expense				
Prima facie income tax on the operating profit	777.7	222.4	769.4	201.6
Which is adjusted by the tax effect of:				
Research and development concessions	(18.4)	(13.9)	(17.1)	(11.4)
General investment allowance	(13.2)	-	(13.2)	-
Depreciation - buildings	23.4	11.5	23.4	11.5
Inventory adjustments	16.3	10.0	16.3	10.0
Other	25.4	13.2	19.2	13.3
	811.2	243.2	798.0	225.0
Effect of reduction in tax rate on deferred tax balances	279.1	-	278.4	-
Underprovision in prior year	(.4)	(.8)	.2	(.6)
Income tax attributable to operating profit	**1,089.9**	**242.4**	**1,076.6**	**224.4**
Income tax attributable to operating profit excluding tax on abnormal items	952.0	335.9	939.4	317.9
Income tax attributable to abnormal items	137.9	(93.5)	137.2	(93.5)
Total income tax attributable to operating profit	**1,089.9**	**242.4**	**1,076.6**	**224.4**
Comprising:				
Current taxation provision	741.4	328.8	732.7	301.7
Movement in deferred income tax liability	.7	(.6)	-	-
Movement in future income tax benefit	348.2	(81.7)	343.7	(76.7)
Underprovision in prior year	(.4)	(.8)	.2	(.6)
Tax losses transferred	-	(3.3)	-	-
	1,089.9	**242.4**	**1,076.6**	**224.4**
(b) Future income tax benefit at 30 June 1993 in respect of tax losses not brought to account is:	1.3	4.4	-	-

This benefit for tax losses will only be obtained if:

(i) the controlled entity derives future assessable income of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(ii) the loss is transferred to an eligible company in the economic entity; and

(iii) the controlled entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iv) no changes in tax legislation adversely affect the controlled entity or the economic entity in realising the benefit from the deductions for the loss.

(c) The economic entity's future income tax benefit of $1,535.9 million (1992: $1,900.3 million) (Note 10) includes $1.8 million (1992: $5.9 million) in relation to the benefit of income tax losses carried forward.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
5. RECEIVABLES				
Current				
Trade debtors	1,174.0	1,103.9	1,201.4	1,043.9
Less: Provision for doubtful debts	43.6	76.2	42.0	65.7
Net trade debtors	1,130.4	1,027.7	1,159.4	978.2
Accrued revenue	950.0	935.6	920.9	899.6
Bank deposits, bills of exchange and promissory notes (1)	1,514.0	1,261.7	1,489.8	1,226.8
Loans to other related bodies corporate	-	-	541.3	55.6
Amounts due under finance leases	5.4	5.7	5.4	5.7
Other current debtors	23.0	52.2	19.8	45.4
Total current receivables	**3,622.8**	**3,282.9**	**4,136.6**	**3,211.3**
(1) Includes bills accepted by banks	695.8	469.8	671.6	434.8
Non Current				
Trade debtors	3.1	2.4	1.0	-
Amounts due under finance leases	9.9	9.6	9.9	9.6
Other non current receivables	206.8	46.9	209.2	46.8
Total non current receivables	**219.8**	**58.9**	**220.1**	**56.4**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
6. INVESTMENTS				
Current				
Unlisted securities (at cost)				
Bank accepted bills on buy back	-	1.1	-	-
Shares in other Corporations	-	.2	-	-
Total current investments	**-**	**1.3**	**-**	**-**
Non Current				
Unlisted securities (at cost)				
Shares in controlled entities (Note 23)	-	-	122.9	122.7
Less: Provision for diminution in value	-	-	29.9	12.3
	-	-	93.0	110.4
Shares in associated companies (Note 24)	54.4	39.1	20.4	20.4
Shares in other corporations	-	3.7	-	-
Total non current unlisted securities at cost	**54.4**	**42.8**	**113.4**	**130.8**
Unlisted securities at valuation				
Satellite consortia investments at Directors' valuation 30 June, 1993				
Intelsat	63.3	75.3	63.3	75.3
Inmarsat	13.0	8.3	13.0	8.3
Total non current unlisted securities at valuation	**76.3**	**83.6**	**76.3**	**83.6**
Total non current investments	**130.7**	**126.4**	**189.7**	**214.4**
7. INVENTORIES				
Current				
Raw materials and stores (at cost)	31.2	38.9	29.9	34.9
Work-in-progress (at cost)	9.9	18.2	3.2	12.0
Finished goods (at cost)	364.5	410.4	340.5	404.9
Less: Provision for obsolescence	60.6	118.4	60.2	118.0
	303.9	292.0	280.3	286.9
Total current inventories	**345.0**	**349.1**	**313.4**	**333.8**
Non Current				
Raw materials and stores (at cost)	1.2	14.0	1.2	14.0
Finished goods (at cost)	30.4	60.6	30.4	60.6
Less: Provision for obsolescence	-	1.3	-	1.3
	30.4	59.3	30.4	59.3
Total non current inventories	**31.6**	**73.3**	**31.6**	**73.3**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
8. PROPERTY, PLANT AND EQUIPMENT				
COST AND VALUATION - SUMMARY				
GENERAL PURPOSE LAND AND BUILDINGS				
Land and Site Improvements				
At cost and Directors' valuation	333.6	985.2	333.6	985.2
Buildings				
At cost and Directors' valuation	1,035.5	3,248.6	1,034.2	3,244.7
Less: Accumulated depreciation	.7	46.1	-	45.9
	1,034.8	3,202.5	1,034.2	3,198.8
Leasehold Improvements				
At cost	94.9	200.1	94.4	195.6
Less: Accumulated depreciation	42.8	66.6	42.7	65.8
	52.1	133.5	51.7	129.8
COMMUNICATIONS ASSETS				
At cost and Directors' and independent valuation	22,609.5	17,952.9	22,550.5	17,901.9
Less: Accumulated depreciation	8,551.4	6,878.9	8,551.0	6,871.7
	14,058.1	11,074.0	13,999.5	11,030.2
OTHER PLANT AND EQUIPMENT				
Other Plant, Equipment and Motor Vehicles				
At cost and independent valuation	2,768.7	2,510.1	2,745.9	2,484.9
Less: Accumulated depreciation	1,345.1	1,106.9	1,335.0	1,098.6
	1,423.6	1,403.2	1,410.9	1,386.3
Equipment and Motor Vehicles under Lease				
At cost	40.8	3.8	39.1	.6
Less : Accumulated amortisation	1.0	2.0	-	.1
	39.8	1.8	39.1	.5
Property, Plant and Equipment				
At cost and valuation	26,883.0	24,900.7	26,797.7	24,812.9
Less : Accumulated depreciation	9,941.0	8,100.5	9,928.7	8,082.1
Net book value of property, plant and equipment	**16,942.0**	**16,800.2**	**16,869.0**	**16,730.8**
Included above at cost:				
Assets under construction				
Communications Assets	610.8	665.9	597.0	632.6
General Purpose Buildings	15.5	415.5	15.5	411.6
	626.3	**1,081.4**	**612.5**	**1,044.2**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
8. PROPERTY, PLANT AND EQUIPMENT (Continued)				
COST AND VALUATION - ANALYSIS				
GENERAL PURPOSE LAND AND BUILDINGS				
Land and Site Improvements				
At Cost	-	3.4	-	3.4
At Directors' valuation - 31 January 1992 (1)	-	839.4	-	839.4
At Directors' valuation - 30 June 1992 (1)	-	142.4	-	142.4
At Directors' valuation - 30 June 1993 (1)	333.6	-	333.6	-
Net book value of land and site improvements	**333.6**	**985.2**	**333.6**	**985.2**
Buildings				
At Cost	1.3	756.4	-	752.5
Less: Accumulated depreciation	.7	3.9	-	3.7
	.6	752.5	-	748.8
At Directors' valuation - 31 January 1992 (1)	-	2,231.5	-	2,231.5
At Directors' valuation - 30 June 1992 (1)	-	260.7	-	260.7
At Directors' valuation - 30 June 1993 (1)	1,034.2		1,034.2	-
	1,034.2	2,492.2	1,034.2	2,492.2
Less: Accumulated depreciation	-	42.2	-	42.2
	1,034.2	2,450.0	1,034.2	2,450.0
Net book value of buildings	**1,034.8**	**3,202.5**	**1,034.2**	**3,198.8**
Leasehold Improvements				
At cost	94.9	200.1	94.4	195.6
Less: Accumulated depreciation	42.8	66.6	42.7	65.8
	52.1	133.5	51.7	129.8
COMMUNICATIONS ASSETS				
At Cost	18,414.6	15,976.2	18,355.6	15,925.2
Less: Accumulated depreciation	7,683.9	6,285.7	7,683.5	6,278.5
	10,730.7	9,690.5	10,672.1	9,646.7
At Directors' (Officer) valuation 1975 (2)	392.9	396.3	392.9	396.3
At independent valuation 1988 (2)	305.5	323.4	305.5	323.4
At Directors' valuation 31 January 1992 (2)	2,239.5	-	2,239.5	
At Directors' valuation 30 June 1992 (2)	1,257.0	1,257.0	1,257.0	1,257.0
	4,194.9	1,976.7	4,194.9	1,976.7
Less: Accumulated depreciation	867.5	593.2	867.5	593.2
	3,327.4	1,383.5	3,327.4	1,383.5
Net book value of communications assets	**14,058.1**	**11,074.0**	**13,999.5**	**11,030.2**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Per End 30/6
8. PROPERTY, PLANT AND EQUIPMENT (Continued)				
COST AND VALUATION - ANALYSIS (Continued)				
OTHER PLANT AND EQUIPMENT				
Other Plant, Equipment and Motor Vehicles				
At cost	2,758.0	2,498.6	2,735.2	2,473.4
Less: Accumulated depreciation	1,338.8	1,101.2	1,328.7	1,092.9
	1,419.2	1,397.4	1,406.5	1,380.5
At independent valuation 1988 (2)	10.7	11.5	10.7	11.5
Less: Accumulated depreciation	6.3	5.7	6.3	5.7
	4.4	5.8	4.4	5.8
Net book value of other plant, equipment and motor vehicles	**1,423.6**	**1,403.2**	**1,410.9**	**1,386.3**
Equipment and Motor Vehicles Under Finance Lease				
At cost	40.8	3.8	39.1	.6
Less: Accumulated amortisation	1.0	2.0	-	.1
Net book value of Equipment and Motor Vehicles Under Lease	39.8	1.8	39.1	.5
Net book value of property, plant and equipment	**16,942.0**	**16,800.2**	**16,869.0**	**16,730.8**

Communications Assets include certain Network Land and Buildings which are integral to the Communications Plant.
At 30 June 1993, the cost/valuation and accumulated depreciation of all Land and Buildings was:

Land				
At cost	7.6	3.4	7.6	3.4
At valuation	863.3	981.8	863.3	981.8
	870.9	**985.2**	**870.9**	**985.2**
Buildings				
At cost	423.6	756.4	422.3	752.5
Less: Accumulated depreciation	14.1	3.9	13.4	3.7
	409.5	752.5	408.9	748.8
At valuation	2,744.9	2,492.2	2,744.9	2,492.2
Less: Accumulated depreciation	97.9	42.2	97.9	42.2
	2,647.0	2,450.0	2,647.0	2,450.0
Net book value of buildings	**3,056.5**	**3,202.5**	**3,055.9**	**3,198.8**

The valuation methods are as follows:

1. General Purpose Land and Buildings	Market Value
2. Communications Assets and Other Plant and Equipment	
- Network Land and Buildings	Market Value for Network land and Depreciated Replacement Cost or Recoverable Amount for Network Buildings
- Other Assets	Depreciated Replacement Cost or Recoverable Amount

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
9. INTANGIBLES				
Goodwill	2.5	6.6	-	-
Less: Accumulated amortisation	1.2	1.1	-	-
	1.3	5.5	-	-
Patents, Trademarks and Licences (at cost)	52.9	24.6	25.1	9.0
Less: Accumulated amortisation	12.2	10.7	2.5	4.1
	40.7	13.9	22.6	4.9
Total Intangibles	**42.0**	**19.4**	**22.6**	**4.9**
10. OTHER ASSETS				
Current				
Prepayments	107.7	87.2	106.6	87.3
Future income tax benefit	192.9	298.3	191.4	293.7
Other	.2	1.8	-	1.8
Total current other assets	**300.8**	**387.3**	**298.0**	**382.8**
Non Current				
Research and development expenditure	.8	1.4	-	-
Less: Accumulated amortisation	-	.3	-	-
Research and development expenditure carried forward	.8	1.1	-	-
Deferred expenditure	59.4	65.6	57.9	60.9
Less: Accumulated amortisation	14.7	17.6	14.5	13.9
Deferred expenditure carried forward	44.7	48.0	43.4	47.0
Future income tax benefit	1,343.0	1,602.0	1,339.9	1,592.4
Other	.1	.1	-	-
Total non current other assets	**1,388.6**	**1,651.2**	**1,383.3**	**1,639.4**
Research and development expenditure				
The amount of research and development cost, before crediting any related grants, incurred during the period which has been deferred to future periods	**.8**	**1.1**	-	-
11. CREDITORS AND BORROWINGS				
Current				
Bank overdrafts	247.7	135.1	242.1	130.2
Bank loans (1)	94.3	171.0	92.0	171.0
Bills of exchange and promissory notes (1)	592.1	196.1	592.1	194.3
Trade creditors	224.2	215.9	222.2	227.6
Finance lease liabilities - plant and equipment (Note 20)	35.5	9.6	35.1	8.4
Australian Government loans (1)	325.6	1,389.7	325.6	1,389.7
Telecom bonds (1)	627.4	457.3	977.4	457.3
Other creditors (2)	671.2	1,009.0	647.3	980.6
Total current creditors and borrowings	**2,818.0**	**3,583.7**	**3,133.8**	**3,559.1**

All current creditors and borrowings are unsecured.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
11. CREDITORS AND BORROWINGS (Continued)				
Non Current				
Bank loans (1)	701.0	533.5	701.0	532.0
Australian Government loans (1)	883.7	959.3	883.7	959.3
Telecom bonds (1)	4,019.3	5,006.9	4,119.3	5,006.9
Trade creditors	-	1.0	-	-
Finance lease liabilities - plant and equipment (Note 20)	190.6	63.2	190.3	62.4
Other creditors	1.7	7.7	1.7	[illegible]
Total non current creditors and borrowings	**5,796.3**	**6,571.6**	**5,896.0**	**6,566.6**
All non current creditors and borrowings are unsecured				
(1) Refer Note 12 for maturity analysis				
(2) Other Creditors Includes Long Term Contracts as follows:				
Cost	176.6	119.9	183.5	119.9
Less: Progress billing	238.6	123.5	238.6	123.5
	62.0	**3.6**	**55.1**	**3.6**
12. MATURITY ANALYSIS				
Debts payable				
Not later than one year	1,639.4	2,214.1	1,987.1	2,212.3
Later than one, not later than two years	255.8	1,366.5	255.8	1,366.0
Later than two, not later than five years	1,929.8	2,159.2	1,973.8	2,158.2
Later than five years	3,509.5	3,126.3	3,565.5	3,126.3
	7,334.5	8,866.1	7,782.2	8,862.8
Less: Amortised discount	91.1	152.3	91.1	152.3
Total debts payable	**7,243.4**	**8,713.8**	**7,691.1**	**8,710.5**
13. STANDBY ARRANGEMENTS AND CREDIT FACILITIES				
Entities in the economic entity have access to:				
Credit standby arrangements				
- unsecured bank overdraft facilities, subject to biannual review with amounts drawn payable at call, totalling:	655.3	662.7	650.0	651.1
- amount of credit unused	650.6	662.4	650.0	650.8
- an unsecured bill acceptance facility reviewable for extension on an annual basis and totalling:	2,546.8	2,471.3	2,543.5	2,468.0
- amount of credit unused	1,946.4	2,272.3	1,945.3	2,271.3

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
14. AMOUNTS RECEIVABLE AND PAYABLE IN FOREIGN CURRENCIES				
The Australian dollar equivalents of unhedged amounts receivable or payable in foreign currencies, calculated at year end exchange rates are as follows:				
Amounts receivable:				
Current				
Japanese Yen	2.7	-	2.7	-
US Dollars	5.1	-	5.1	-
French Francs	1.3	-	1.3	-
Pounds Sterling	1.1	-	1.1	-
Deutsch Marks	2.4	-	2.4	-
Amounts payable:				
Current				
Japanese Yen	11.5	21.3	11.5	21.3
US Dollars	65.7	-	65.5	-
Pounds Sterling	11.7	-	11.7	-
Canadian Dollars	2.6	-	2.6	-
New Zealand Dollars	10.6	-	10.6	-
French Francs	29.7	-	29.7	-
Norwegian Krona	1.4	-	1.4	-
15. PROVISIONS				
Current				
Dividends (Note 19)	674.0	263.0	674.0	263.0
Taxation	742.2	716.5	731.6	689.1
Deferred income tax	-	.3	-	-
Employee entitlements	779.7	361.6	775.8	351.0
Workers' compensation	14.1	27.8	14.1	27.8
Other	78.6	21.3	75.9	.1
Total current provisions	**2,288.6**	**1,390.5**	**2,271.4**	**1,331.0**
Non Current				
Employee entitlements	544.5	528.5	543.9	528.2
Workers' compensation	215.0	298.3	215.0	298.3
Deferred income tax	1.9	.6	-	-
Other	.9	2.5	-	2.3
Total non current provisions	**762.3**	**829.9**	**758.9**	**828.8**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
16. OTHER LIABILITIES				
Current				
Revenue received in advance	592.5	540.7	588.4	530.8
Other	4.3	4.4	4.3	3.0
Total current other liabilities	**596.8**	**545.1**	**592.7**	**533.8**
Non Current				
Revenue received in advance	10.7	.1	10.7	-
Other	1.3	1.2	1.3	.8
Total non current other liabilities	**12.0**	**1.3**	**12.0**	**.8**
17. SHARE CAPITAL				
Authorised share capital				
20 billion ordinary shares of $1 each	20,000.0	20,000.0	20,000.0	20,000.0
Issued and paid up share capital				
4,933,300,100 ordinary shares of $1 each, fully paid	4,933.3	4,933.3	4,933.3	4,933.3
2,000,000,000 ordinary shares of $1 each paid to $0.50	1,000.0	-	1,000.0	-
	5,933.3	4,933.3	5,933.3	4,933.3
Movement in share capital from 30 June 1992 is as follows:				
Issued and paid up share capital as at 30 June 1992	4,933.3	1,398.0	4,933.3	1,398.0
Call of $0.01 on 1 billion ordinary shares	10.0	-	10.0	-
Call of $0.49 on 1 billion ordinary shares	490.0	-	490.0	-
Call of $0.50 on 1 billion ordinary shares	500.0	-	500.0	-
Transfer from network development reserve	-	3,535.3	-	3,535.3
Issued and paid up share capital as at 30 June 1993	**5,933.3**	**4,933.3**	**5,933.3**	**4,933.3**

During the year ended 30 June 1993 the Australian Government has converted $1 billion of Government debt to equity through the following arrangements:

- On 1 July 1992 the Government was allotted a further 1 billion $1 ordinary shares paid to $0.01.
- On 30 November 1992 a further call of $0.49 per share was made on the 1 billion $1 ordinary shares paid to $0.01.
- On 30 November 1992 the Government was allotted a further 1 billion $1 ordinary shares paid to $0.50.
- The remaining uncalled amount of $0.50 per share in respect of the 2 billion shares (ie. $1 billion) is to be converted in 4 instalments of $250 million each on 1 July 1993, 1994, 1995 and 1996.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
18. RESERVES				
Asset revaluation	1,813.8	2,028.9	1,813.8	2,028.9
Satellite consortia revaluation	20.5	18.5	20.5	18.5
Foreign currency translation	.3	-	-	-
Total reserves	**1,834.6**	**2,047.4**	**1,834.3**	**2,047.4**
Movements in reserves were:				
Asset revaluation reserve				
Balances as at 1 July 1992	2,028.9	2,668.7	2,028.9	2,668.7
Decrement on revaluation of non current assets	(215.1)	(639.8)	(215.1)	(639.8)
Balance at 30 June 1993	**1,813.8**	**2,028.9**	**1,813.8**	**2,028.9**
Satellite Consortia revaluation reserve				
Balance at 1 July 1992	18.5	20.0	18.5	20.0
Increment/(decrement) resulting from revaluation at 30 June 1993	2.0	(1.5)	2.0	(1.5)
Balance at 30 June 1993	**20.5**	**18.5**	**20.5**	**18.5**
Foreign currency translation reserve				
Balance as at 1 July 1992	-	-	-	-
Add: Translation adjustment on controlled foreign entities' financial statements	.3	-	-	-
Balance at 30 June 1993	**.3**	**-**	**-**	**-**
Network development reserve				
Balance as at 1 July 1992	-	5,965.0	-	5,965.0
Transferred to issued and paid up capital	-	(3,535.3)	-	(3,535.3)
Transferred to retained profits	-	(2,429.7)	-	(2,429.7)
Balance as at 30 June 1993	**-**	**-**	**-**	**-**
General reserve				
Balance as at 1 July 1992	-	636.0	-	636.0
Transferred to retained profits	-	(636.0)	-	(636.0)
Balance as at 30 June 1993	**-**	**-**	**-**	**-**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
19. DIVIDENDS				
Ordinary shares				
Interim dividend provided/paid	345.0	215.0	345.0	215.0
Final dividend provided	329.0	263.0	329.0	263.0
Total dividends provided	**674.0**	**478.0**	**674.0**	**478.0**

All dividends provided for are fully franked.

20. EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments

Aggregate capital expenditure contracted for at balance date but not provided for in the financial statements:

Within 1 year	1,064.8	1,331.5	1,053.5	1,318.2
Within 1-2 years	125.4	102.9	115.1	96.6
Within 2-5 years	114.4	80.9	83.6	23.7
After 5 years	16.7	-	-	-
	1,321.3	**1,515.3**	**1,252.2**	**1,438.5**

(b) Other commitments

Other expenditure commitments, other than commitments dealt with in (a) and (c), which have not been provided for in the financial statements:

Within 1 year	123.6	26.8	123.6	26.2
Within 1-2 years	5.0	1.2	5.0	1.2
Within 2-5 years	2.0	2.3	2.0	2.3
After 5 years	-	.4	-	.4
	130.6	**30.7**	**130.6**	**30.1**

Other expenditure commitments include contracts for agency fees, building maintenance and cleaning.

(c) Lease commitments

Total lease commitments

Total lease expenditure contracted for at balance date but not provided for in the financial statements:

Within 1 year	182.5	221.9	179.0	212.3
Within 1-2 years	126.4	166.0	123.1	159.5
Within 2-5 years	155.4	262.1	151.4	247.6
After 5 years	57.6	157.8	56.5	142.0
	521.9	**807.8**	**510.0**	**761.4**

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
20. EXPENDITURE COMMITMENTS (Continued)				
Representing:				
Cancellable operating leases	105.2	108.2	105.2	107.5
Non-cancellable operating leases	353.4	661.0	341.7	615.8
Future finance charges on finance leases	63.3	38.6	63.1	38.1
	521.9	**807.8**	**510.0**	**761.4**
Finance lease commitments:				
Within 1 year	51.3	18.1	51.0	16.7
Within 1-2 years	44.9	10.0	44.8	9.4
Within 2-5 years	116.7	50.1	116.3	49.7
After 5 years	76.5	33.2	76.4	33.1
Minimum lease payments	289.4	111.4	288.5	108.9
Less: Future finance charges on finance leases	63.3	38.6	63.1	38.1
Provided for as a liability	**226.1**	**72.8**	**225.4**	**70.8**
Classified as:				
Current (Note 11)	35.5	9.6	35.1	8.4
Non current (Note 11)	190.6	63.2	190.3	62.4
	226.1	**72.8**	**225.4**	**70.8**
Operating lease commitments:				
Future lease payments for non-cancellable operating leases				
Within 1 year	128.9	177.5	125.7	168.6
Within 1-2 years	85.6	125.9	82.2	119.5
Within 2-5 years	99.6	204.8	95.7	190.4
After 5 years	39.3	152.8	38.1	137.3
	353.4	**661.0**	**341.7**	**615.8**

21. CONTINGENT LIABILITIES

Details and estimated maximum amounts of contingent liabilities (for which no provisions are included in the financial statements) arising in respect of:

The Corporation:

- Certain common law claims by employees and third parties are yet to be resolved. The maximum extent of these liabilities cannot be reasonably estimated.
- Open futures contracts, with a face value of $116.6 million (1992 $222.0 million) were held at 30 June 1993 and showed a contingent profit of $1.5 million (1992 $1.0 million).
- The Corporation has provided indemnities to support bank guarantees to the value of $39.8 million (1992: $13.9 million).
- On 3 March 1993 Optus Communications Limited initiated proceedings against the Corporation in relation to alleged breaches of the anti discrimination provisions of the Telecommunications Act in so far as they relate to Telstra's customer calling options (Flexi-plans) and Strategic Partnership Agreements. In addition to court declarations and injunctions, damages are sought. The maximum extent of these liabilities cannot be reasonably estimated.
- The Corporation has provided indemnities to support letters of guarantee to the value of $21.2 million (1992 $20.0 million).

Controlled Entities:

- The Corporation resolved to provide financial support for certain wholly owned controlled entities to ensure that those entities, as a going concern, are in a position to meet their obligations to parties external to the group so long as they remain controlled entities.
- The controlled entities of the Corporation have provided indemnities to support bank guarantees to the value of $14.5 million (1992 $27.8 million).
- A controlled entity of the Corporation has provided an indemnity to support bank guarantees to the value of $15.0 million (1992 $15.0 million) to one of the economic entity's associated companies.
- The controlled entities of the Corporation have provided letters of guarantee to the value of $28.1 million (1992 $26.3 million).
- A controlled entity of the Corporation has provided an indemnity to support letters of guarantee to the value of $16.9 million (1992 $15.0 million) to one of the economic entity's associated companies.

22. SUPERANNUATION COMMITMENTS

The Corporation operates or participates in superannuation plans under which participating Australian employees are entitled to benefits on retirement, resignation, disability or death. Most employees contribute to the plans at various percentages of their superannuation salary. The basis on which the economic entity contributes to the plans, details of the legal enforceability on the economic entity and details of actuarial assessments and the principal types of benefits provided are:

	Contribution Rates	Enforceability of Contributions	Date of Assessment	Name of Actuary	Principal Type of Benefit
Telecom Superannuation Scheme	1,3	Trust Deed	31-1-92	S Schubert FIAA	Lump Sum
Telecom Productivity Superannuation Scheme	2,3	Trust Deed	N/A	N/A	Lump Sum
OTC Staff Superannuation Scheme	1,3	Trust Deed	1-7-92	P Hughes FIAA	Lump Sum
Commonwealth Superannuation Scheme	1,4	Superannuation Act 1976	30-6-90	S Schubert FIAA and Australian Government Actuary	Pension

1 At rates determined by actuaries

2 At rates determined in the Trust Deed

3 Subject to the terms and conditions of the Trust Deed, contributions made by the economic entity are not legally enforceable.

4 Contributions to the CSS are determined by the Minister for Finance and are enforceable under the Superannuation Act 1976.

22. SUPERANNUATION COMMITMENTS (Continued)

The Telecom Superannuation Scheme (TSS) was established on 1 July 1990 for the purpose of providing superannuation benefits to Telstra employees who transferred from the Commonwealth Superannuation Scheme (CSS) to the TSS, and for new employees from this date. There is a shortfall between the net market value of the assets of the TSS and the members' vested entitlements. The shortfall has been estimated as at 30 June 1993 under three scenarios with the following outcomes:

- If all employees ceased employment with the Corporation on their own initiative there would be a $811 million shortfall.
- If all employees were compulsorily terminated by the Corporation there would be a $865 million shortfall.
- If the scheme was terminated by the Corporation there would be no shortfall as the Trustee would apply the available assets to pay benefits to members.

In the opinion of the scheme's actuary, employer contributions at the current and future recommended rate, member contributions and the realisable value of the scheme's assets are likely to be sufficient to meet expected benefit payments in the normal course of events.

At the date of the last actuarial review the value of Telstra's notional fund in respect of the Commonwealth Superannuation Scheme is sufficient to satisfy all employer financed benefits that would have vested under the plan in the event of its termination or in the event of the voluntary or compulsory termination of employment of each employee.

The OTC Staff Superannuation Scheme (OTCSSS) commenced operation with a date of effect of 1 July 1990. There is a shortfall between the net market value of the assets of the OTCSSS and the members' vested entitlements. The shortfall has been estimated as at 30 June 1992 under three scenarios with the following outcomes:

- If all employees ceased employment with the Corporation on their own initiative there would be a $4.4 million shortfall.
- If all employees were compulsorily terminated by the Corporation there would be a $6.2 million shortfall.
- If the scheme was terminated by the Corporation there would be no shortfall as the Trustees would apply the available assets to pay benefits to members.

In the opinion of the scheme's actuary, employer contributions at the current and future recommended rate, member contributions and the realisable value of the scheme's assets are likely to be sufficient to meet expected benefit payments in the normal course of events.

The economic entity makes provision for superannuation entitlements of a small number of employees through other trust deed arrangements. The rates of contribution and the enforceability of these contributions are set out in the trust deeds. The plans are defined contribution, with payments through lump sum benefits.

The economic entity meets its Superannuation Guarantee obligations for its employees through various superannuation schemes. In addition, provision is made for benefits accruing to a small number of employees under self funded superannuation schemes. These schemes have been closed for many years. The members are existing and retired officers taken over at the time of OTC's formation in 1946.

23. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of formation or incorporation	Book value of immediate chief entity's investment (ordinary shares)		Interest of immediate chief entity (ordinary shares)		Dividends received by the Corporation		Contributions to consolidated net profit after tax	
		30 June		30 June		30 June		30 June	
		1993 $M	1992 $M	1993 %	1992 %	1993 $M	1992 $M	1993 $M	1992 $M
Telstra Corporation Limited	Australia							896.3	292.4
Dividends from controlled entities						1.7	.5	(1.7)	(.5)
Reversal of provision for diminution of investments (on consolidation)								17.6	8.9
Controlled Entities									
Telstra Communications Limited	Australia	25.2	22.6	100.0	100.0			(8.7)	(3.4)
- DirectoryNet Inc (1)	USA			100.0	100.0				
- Telecom Australia (New Zealand) Limited (1)	New Zealand			100.0	100.0				
- Uni-net SP.ZO.O (2)	Poland			51.0	51.0				
Telecom Technologies Pty Ltd	Australia	13.2	13.2	100.0	100.0			2.1	.7
- Lyer Nystal Pty Ltd	Australia			100.0	100.0				
Telesoft Communications Pty Ltd	Australia	3.6	3.6	100.0	100.0			(.3)	.4
Information Switching Technology Pty Ltd	Australia	1.3	1.3	60.0	60.0				
Advanced Network Management Pty Ltd	Australia	1.4	1.4	100.0	100.0			.1	.2
QPSX Communications Ltd	Australia	23.8	23.8	76.0	78.0			2.3	2.2
- QPSX Communications Australia Pty Ltd	Australia			76.0	78.0				
- QPSX Research No 1 Pty Ltd	Australia			76.0					
- QPSX Research No 2 Pty Ltd	Australia			76.0					
T-Net Pty Ltd	Australia	.7	.7	100.0	100.0				(.3)
Telecom Messagetech Pty Ltd	Australia	3.6	3.6	51.0	51.0				(.2)
Telstar Systems Pty Ltd	Australia	3.0	3.0	60.0	60.0			.1	.1
Pacific Access Pty Limited (4)	Australia				51.0			(13.4)	15.3
Telecommunications Equipment Finance Pty Ltd (3)	Australia								
Telstra International Limited	Australia	28.5	28.5	100.0	100.0			6.7	(.3)
- OTC International (HK) Holdings Ltd(1)	Hong Kong			100.0	100.0				
- India Telecom (Private) Limited (1)	India			50.0					
Telecommunications Power Pty Ltd	Australia	7.3	7.3	100.0	100.0			(.8)	.1
Transport Communications Aust Pty Ltd	Australia	3.5	3.5	100.0	100.0			(.8)	
OTC Electronic Trading Pty Ltd	Australia	3.0	3.0	100.0	100.0			5.6	(.6)
Trunked Radio Systems Pty Ltd (5)	Australia		2.4	100.0	100.0			.6	(.4)
Navigator Communications Pty Ltd	Australia	2.8	2.8	100.0	100.0			(1.1)	(.7)
- Navigator Communications (NZ) Ltd (1)	New Zealand			100.0	100.0				
Lawpoint Pty Ltd	Australia	2.0	2.0	60.0	60.0			.5	.2
Telecom Finance Ltd (4)	Australia			100.0	100.0			1.0	
Telstra Holdings Limited (4)	Australia			100.0				(1.3)	
- OTC Australia Inc (1)	USA			100.0					
- OTC Australia (Private)Limited (1)	Sri Lanka			100.0					
		122.9	**122.7**			**1.7**	**.5**	**904.8**	**314.1**

23. INVESTMENTS IN CONTROLLED ENTITIES (Continued)

(1) Represents companies not audited by the Auditor-General.

(2) The financial statements of Uni-net SP.ZO.O were qualified due to the other significant shareholder Unilab Telecommunications Ltd being under receiver/managership. The operations of this controlled entity are not material to the results of the Corporation. Uni-net SP.ZO.O has not been audited by the Auditor-General.

(3) Telstra has no investment in Telecommunications Equipment Finance Pty Ltd. For the year ended 30 June 1993 Telstra had effective control through economic dependency and has consolidated Telecommunications Equipment Finance Pty Ltd in accordance with AASB 1024.

(4) Investments eliminated when rounded to the nearest hundred thousand dollars are:

	30/6/1993	30/6/1992
Telecom Finance Ltd	$5	$5
Pacific Access Pty Ltd	-	$5,100
Telstra Holdings Limited	$2	-

(5) On 31 January 1993 Trunked Radio Systems Pty Ltd was merged into the Corporation in accordance with the merger provisions of the Australian and Overseas Telecommunications Act 1991.

Outside equity interests in controlled entities

The following controlled entities have shares issued to outside equity interests:

	Nominal value and class of shares	Authorised capital		Issued and paid up capital		Number of shares held by outside equity interests		Equity holding of outside equity interests	
		1993 $000	1992 $000	1993 $000	1992 $000	1993	1992	1993 %	1992 %
Information Switching Technology Pty Ltd	ORD $1	250,000	250,000	2,200	2,200	880	880	40	40
QPSX Communications Ltd	ORD $1	100,000	100,000	20,321	20,124	4,804	4,547	24	22
Telecom Messagetech Pty Ltd	ORD $1	250,000	250,000	-	-	-	-	49	49
Telstar Systems Pty Ltd	ORD $1	200,000	200,000	5,000	5,000	2,000	2,000	40	40
Pacific Access Pty Ltd	ORD $1	-	10	-	10		5	-	49
Lawpoint Pty Ltd	ORD $1	50,000	50,000	2,300	2,300	920	920	40	40
Uni-net SP.ZO.O	ORD $1	8,130	-	8,130	-	3,902	-	49	-
India Telecom (Private) Limited	ORD $1	-	-	-	-	-	-	50	-

India Telecom (Private) Limited shares issued to outside equity interests eliminated when rounded to the nearest hundred thousand dollars are: issued and paid up capital $120 (1992 $Nil); number of shares held by outside equity interests 60 (1992 Nil).

	Consolidated	
	30/6/93 $M	30/6/92 $M
Outside equity interests in controlled entities		
Share Capital	12.5	7.4
Reserves	5.6	35.6
Retained Profits	(6.1)	5.9
TOTAL	**12.0**	**48.9**

23. INVESTMENTS IN CONTROLLED ENTITIES (Continued)

Acquisition and disposal of controlled entities and businesses

During the financial year, the Corporation lost control of Pacific Access Pty Ltd. This was as a consequence of a share issue and revocation of the Chairman's casting vote.

Telstra Holdings Limited (formerly AOTC Holdings Limited) was incorporated on 16 October 1992.

OTC Australia Inc. was incorporated on 22 December 1992.

OTC Australia (Private) Limited was incorporated on 31 December 1992.

India Telecom (Private) Limited was incorporated on 10 February 1993.

No material controlled entity of the Corporation had a financial period which differs from that of the Corporation.

Change of company name

During the financial year the following companies changed their name:

1 Telecom Australia (International) Limited to Telstra Communications Limited on 13 April 1993.

2 OTC International Limited to Telstra International Limited on 13 April 1993.

3 AOTC Holdings Limited to Telstra Holdings Limited on 14 April 1993.

24. INVESTMENTS IN ASSOCIATED COMPANIES

Name of Associated Company	Principal Activities	Ownership Interest % 1993	Ownership Interest % 1992	Balance date of Assoc. Company	Cost/ Valuation 1993 $M	Cost/ Valuation 1992 $M	Dividend Revenue 1993 $M	Dividend Revenue 1992 $M
Chevalier (Telepoint) Limited (incorporated in Hong Kong)	CT2 mobile service	49.0	49.0	31 March	18.8	6.6	-	-
Pacific Access Pty Ltd (1)	Directory advertising	50.0	0.0	30 June	-	-	-	-
Samart Telecoms Company Limited (incorporated in Thailand)	Data network services	40.0	40.0	31 December	5.3	4.0	-	-
Telebase Systems Inc (incorporated in USA) (2)	Database network services	26.0	26.0	31 December	-	1.0	-	-
Telecom Services Kiribati Limited (incorporated in Kiribati)	Telecommunications services	49.0	49.0	31 March	.8	.8	.5	-
International Communications Corporation (incorporated in Philippines)	Data network services	40.0	40.0	31 December	7.7	5.4	-	-
Telecom Hewlett-Packard Pty Ltd	Computer services	50.0	50.0	31 October	15.3	15.3	-	-
Infonet Services Corporation	Value added services	5.4	5.4	31 March	4.3	4.3	-	-
National Registries Pty Ltd	Financial services	50.0	50.0	30 June	.8	.8	.1	-
Telecom Australia (Saudi) Ltd	Telecommunications services	50.0	50.0	31 December	1.0	.9	3.5	-
Australian Pay Television Pty Ltd (1)	Developing pay TV	28.3	0.0	30 June	-	-	-	-
Australian Pay TV Pty Limited(1)	Developing pay TV	28.3	0.0	30 June	-	-	-	-
Australian Pay TV Services Pty Ltd (1)	Developing pay TV	40.0	0.0	30 June	-	-	-	-
Pay Television Australia Pty Ltd (1)	Developing pay TV	28.3	0.0	30 June	-	-	-	-
Pacrim Financial Networks Pty Ltd	Telecommunications services	25.0	0.0	30 June	.4	-	-	-
Total					**54.4**	**39.1**	**4.1**	-

(1) Investments eliminated when rounded to nearest hundred thousand dollars are:

	30/6/1993	30/6/1992
Pacific Access Pty Ltd	$5,100	-
Australian Pay Television Pty Ltd	$2,834	-
Australian Pay TV Pty Limited	$2,834	-
Australian Pay TV Services Pty Ltd	$4	-
Pay Television Australia Pty Ltd	$2,834	-

(2) The economic entity's investment in Telebase Systems Inc was written off during the year.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
25. REMUNERATION OF DIRECTORS				
Remuneration of Directors:				
Income received or due and receivable by:				
Directors of the chief entity from the Corporation or related bodies corporate			1.0	.4
Directors of entities in the economic entity from corporations of which they are Directors or related bodies corporate or entities controlled by the Corporation.	1.6	.3		
The number of Directors of the Corporation included in these figures are shown below in their relevant income bands:				
			No.	No.
Income between:				
$10,000 - $19,999			-	10
$30,000 - $39,999			10	1
$40,000 - $49,999			-	1
$60,000 - $69,999			1	-
$100,000 - $109,999			1	-
$180,000 - $189,999			-	1
$440,000 - $449,999			1	-
Superannuation and retirement benefits:				
Payments to superannuation funds				
Annual contributions to superannuation funds made in line with amounts advised by actuaries as being sufficient to ensure the payment of defined benefits to Directors and principal executive officers on their retirement	0.1	0.2	-	-
Additional amounts paid to prescribed superannuation funds in connection with the retirement of Directors and principal executive officers	-	0.1	-	0.1
Retirement benefits				
In addition to the above payments to superannuation funds, the corporation has paid directly to Directors and principle executive officers retirement benefits amounting to	-	-	-	-

The amounts are shown in aggregate only as the Directors believe that the provision of full particulars of the above payments and benefits would be unreasonable.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
26. REMUNERATION OF EXECUTIVES				
Income received by Australian based executive officers whose income is more than $100,000 from:				
the Corporation and related bodies corporate			34.0	
from entities in the economic entity and their related entities	34.6			
The number of Australian based executive officers whose income is more than $100,000 are shown below in their relevant income bands:				
	No.	No.	No.	No.
Income of				
$100,000 - $110,000	96	-	94	-
$110,000 - $119,999	90	-	88	-
$120,000 - $129,999	34	-	34	-
$130,000 - $139,999	32	-	31	-
$140,000 - $149,999	7	-	7	-
$150,000 - $159,999	6	-	6	-
$160,000 - $169,999	5	-	5	-
$170,000 - $179,999	1	-	1	-
$180,000 - $189,999	5	-	5	-
$190,000 - $199,999	3	-	3	-
$200,000 - $209,999	1	-	1	-
$220,000 - $229,999	1	-	1	-
$250,000 - $259,999	2	-	2	-
$270,000 - $279,999	1	-	1	-

Comparatives are not applicable because no executive officers' income was within the relevant bands for the trading period to 30 June 1992.

27. REMUNERATION OF AUDITORS

Auditors' Remuneration:

Amounts received, or due and receivable, by the auditors of the Corporation for:				
Auditing the financial statements	5.6	2.8	5.3	2.6
Other services	.6	.3	.5	.3
Included above are amounts received, or due and receivable, by auditors other than the auditor of the Corporation for:				
Auditing the financial statements	-	-	-	-
Other services	-	-	-	-

28. RELATED PARTY TRANSACTIONS

Controlling Entity

The Commonwealth of Australia is the ultimate chief entity of the economic entity.

The financial statements of the economic entity and the Corporation do not recognise transactions relating to the sale of goods and services to the Commonwealth of Australia, its Departments of State, Trading and Other Agencies as related party transactions. All such sales are made within normal customer relationships on terms and conditions no more favourable than those available to other customers.

Directors and Director-related entities

The names of each person who held office as a Director of the Corporation during the financial year ended 30 June 1993 are:
David M. HOARE, Alex L. MOROKOFF, W. Frank BLOUNT, Michael H. CODD, William L. DIX, T. Brian FINN, William C. MANSFIELD, Elizabeth A. NOSWORTHY, Peter J. REDLICH, Christopher I. ROBERTS, Robert E. TSENIN, Murray C. WELLS, Steven M. WILSON.

Details of Directors' remuneration, superannuation and retirement payments are set out in Note 25.

Loans to Directors

No loans have been made to Directors during the year, and no Director had a loan with the Corporation at the start of the year.

Other Transactions with Directors of the Corporation and its controlled entities and their Director-related entities.

Some Directors have Director-related entities which have entered into transactions, which are insignificant in amount, with the Corporation within normal customer or employee relationship on terms and conditions no more favourable than those in similar arms length dealings. The nature of these transactions are :

- Consulting services
- Legal advice
- Promissory note investments

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
Transactions with controlled entities and other related parties in the wholly owned group				
Amounts receivable from and payable to entities in the wholly owned group and other related parties :				
Aggregate amounts receivable at balance date from:				
Current				
Controlled entities (1)	-	-	574.7	356.1
Other controlled entities	-	-	1.1	-
Associated companies	217.4	-	217.4	-
Non Current				
Controlled entities	-	-	2.4	-
Other controlled entities	-	-	-	-
Associated companies	9	-	-	-
Aggregate amounts payable at balance date to:				
Current				
Controlled entities	-	-	469.2	16.4
Other controlled entities	-	-	2.8	2.4

(1) During the year, Telstra Corporation advanced $450 million to Telecom Finance Ltd a wholly owned controlled entity of Telstra Corporation Limited, for the purchase of Telecom Bonds. Other advances to controlled entities totalled $120 million. These intercompany transactions are interest free.

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
28. RELATED PARTY TRANSACTIONS (Continued)				
Amounts attributable to transactions with entities in the wholly owned group and other related parties				
Operating profit before income tax for the financial year includes aggregate amounts attributable to transactions in respect of:				
Interest revenue (Note 2)				
Associated companies	.1	.3	-	.2
Dividend revenue (Note 2)				
Controlled entities	-	-	1.0	3
Other controlled entities	-	-	.7	.2
Associated companies	4.1	-	.1	-
Interest expense (Note 3)				
Associated companies	.2	1.1	-	.1
Sale of goods and services				
Controlled entities	-	-	34.2	17.3
Other controlled entities	-	-	5.2	257.8
Associated companies	436.6	-	436.6	-
Purchase of materials				
Controlled entities	-	-	70.2	25.7
Other controlled entities	-	-	27.7.	13.6
Associated companies	1.7	-	1.7	-

The Corporation sold services, purchased goods, paid fees and dividends to and from other entities in the wholly owned group during the year. These transactions are in the normal course of business and on commercial terms and conditions.

Ownership interests in entities in the wholly owned group and other related parties

Interests held in controlled entities and associated companies are set out in Notes 23 and 24.

29. SEGMENT INFORMATION

(a) Industry Segment

The economic entity operates predominantly in telecommunications, and revenue from other industry segments is not material.

(b) Geographical Segment

The economic entity operates predominantly in Australia and is therefore one geographical area for reporting purposes. Overseas business operations are conducted through controlled entities and the effects of their activities is not a material component of the consolidated operations.

30. EARNINGS PER SHARE

	Consolidated	
	Year Ended 30/6/93 $	Period Ended 30/6/92 $ (1)
Basic earnings per share (dollars per share)	**0.16**	**0.06**
Diluted earnings per share is not materially different from basic earnings per share		
	Number Millions	
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**5,518.3**	**4,933.3**

(1) Comparative figures are for the five months to 30 June 1992.

31. EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 1993, $250 million of Australian Government debt was converted to equity, being one of four instalments in payment of the remaining uncalled amount of $0.50 per share in respect of the 2 billion shares allotted during the 1992/1993 financial year. This has been included in the financial statements as a current liability.

On 30 July 1993, the Corporation paid $60 million for the purchase of 30 million shares at an issue price of $2, representing an investment of 10%, in Television Holdings Limited. As the subscription agreement was signed on 30 June 1993, this has been included in the financial statements as a capital expenditure commitment.

AUSTEL have determined that the Corporation is the dominant carrier in the mobiles communications market, however, the Corporation is taking Federal Court action to challenge this finding.

32. STATEMENTS OF CASH FLOWS

	Consolidated		The Corporation	
	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
Cash flows from operating activities				
Receipts from trade and other debtors	16,232.6	5,532.8	14,908.3	5,442.0
Payments to trade creditors, other suppliers and creditors and employees	(10,778.2)	(2,913.5)	(9,513.4)	(2,838.1)
Interest received	84.3	63.2	81.6	61.1
Interest paid	(898.2)	(529.0)	(896.6)	(526.4)
Finance charges on finance leases paid	(14.3)	(3.9)	(14.3)	(3.9)
Dividends received	4.1	-	1.8	.5
Income taxes paid	(674.6)	(625.9)	(677.9)	(626.2)
Gains on foreign exchange promissory notes	-	-	-	-
Net cash provided by operating activities	**3,955.7**	**1,523.7**	**3,889.5**	**1,509.0**
Cash flows from investing activities				
Payments for patents, trademarks and licences	(19.5)	(1.7)	(18.8)	(1.2)
Payments for property, plant and equipment (1)	(2,543.9)	(1,217.0)	(2,523.4)	(1,207.3)
Net proceeds from investments	11.0	11.2	9.3	-
Payments for controlled & associated entities	(42.6)	-	(2.6)	(3.4)
Proceeds from sale of property, plant & equipment	181.7	103.4	180.9	103.4
Proceeds from sale of business	.1	-	-	-
Repayment of advance royalty	4.7	-	-	-
Net cash used in investing activities	**(2,408.5)**	**(1,104.1)**	**(2,354.6)**	**(1,108.5)**
Cash flow from financing activities				
Proceeds from debenture issue	668.9	204.8	668.9	204.8
Repayment of debentures	(1,874.5)	(352.0)	(1,874.5)	(352.1)
Repayment of borrowings	(7,543.1)	(4,267.3)	(7,508.6)	(4,245.5)
Proceeds from borrowings	7,937.9	4,604.3	7,911.1	4,589.2
Dividends paid	(263.0)	(215.0)	(263.0)	(215.0)
Finance lease principal repayments	(29.3)	-	(29.0)	-
Share issue	19.7	-	-	-
Net cash used in financing activities	**(1,083.4)**	**(25.2)**	**(1,095.1)**	**(18.6)**
Net increase/(decrease) in cash held	**463.8**	**394.4**	**439.8**	**381.9**
Cash at the beginning of the year	**540.4**	**146.0**	**485.5**	**103.6**
Cash at the end of the year	**1,004.2**	**540.4**	**925.3**	**485.5**

		Consolidated		The Corporation	
		Year Ended 30/6/93 $M	Period Ended 30/6/92 $M	Year Ended 30/6/93 $M	Period Ended 30/6/92 $M
32. STATEMENTS OF CASH FLOWS (Continued)					
Reconciliation of net cash provided by operating activities to operating profit after income tax					
Operating profit after income tax		**904.3**	**327.8**	**896.3**	**292.4**
Add/(subtract) non cash transactions:					
Depreciation and amortisation		2,122.7	858.2	2,109.6	849.6
Loss on revaluation of non current assets		-	-	-	8.9
Net loss on sale of non current assets		43.7	8.5	44.0	8.4
Amounts credited to sundry provisions		423.1	187.7	436.5	176.3
Decrease in taxes payable		407.0	(384.2)	398.7	(403.0)
Write off of assets resulting from re-analysis		(1.5)	185.6	(1.5)	185.6
Sundry assets written off		3.8	8.2	2.5	8.2
Interest capitalised		8.3	-	8.3	-
Changes in assets and liabilities:					
(Increase)/decrease in trade and other debtors		(804.8)	241.2	(326.7)	490.7
(Increase)/decrease in inventories		104.2	21.8	113.7	31.3
(Increase)/decrease in prepayments		(20.5)	(27.2)	(19.3)	(32.4)
Increase/(decrease) in trade and other creditors		762.1	96.1	223.8	(107.0)
(Increase)/decrease in deferred expenditure		3.3	-	3.6	-
Net cash inflows from operating activities		**3,955.7**	**1,523.7**	**3,889.5**	**1,509.8**
Reconciliation of cash					
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:					
	Note				
Cash		136.9	77.2	86.7	50.0
Bank deposits (2)	5	1,115.0	598.3	1,080.7	565.7
Bank overdraft	11	(247.7)	(135.1)	(242.1)	(130.2)
		1,004.2	**540.4**	**925.3**	**485.5**

32. STATEMENTS OF CASH FLOWS (Continued)

CASH FLOW INFORMATION

Non cash financing and investing activities:

Capital structure

As detailed in Note 17, $1 billion of Australian Government loans were converted to equity during the year.

Roll over telecom bonds

During the year $50.2 million of Telecom bonds matured and were re-invested by the lenders. As these transactions did not involve cash, they are not reflected in the cash flow from financing activities.

Financing facilities:

Details of standby arrangements and credit facilities are included in Note 13.

Telstra generally constructs and repairs its own communications network.

Business disposed

During the financial year OTC Electronic Trading Pty Ltd disposed of a business.

Details of the disposal are as follows:

	$
Cash Proceeds	**72,891**
Net assets & liabilities disposed	
Property, plant and equipment	175,546
Sundry debtors	6,500
Prepaid expenses	35,285
Unearned income	(133,638)
Provision for annual leave	(27,226)
	56,467
Profit on disposal	16,424
	72,891

(1) Payments for property, plant and equipment

Includes $3.08 million interest paid which has been capitalised as the Corporation generally constructs and repairs its own communications network.

(2) Bank deposits

This amount is included in bank deposits, bills of exchange and promissory notes in Note 5.

Telstra Corporation Limited and controlled entities

In accordance with a resolution of the Directors of Telstra Corporation Limited, in the opinion of the Directors:

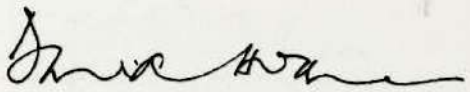
a) the accounts of the Corporation are drawn up so as to give a true and fair view of the profit of the Corporation for the year ended 30 June 1993 and the state of affairs of the Corporation as at 30 June 1993;

b) at the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due; and

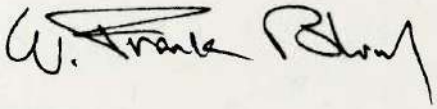
c) the consolidated accounts of the economic entity have been made out in accordance with Divisions 4A and 4B of the Corporations Law and so as to give a fair and true view of the profit of the economic entity for the year ended 30 June 1993 and the state of affairs of the economic entity as at 30 June 1993.

The accounts and consolidated accounts have been made out in accordance with Applicable Accounting Standards, Australian Accounting Standards and Statements of Accounting Concepts.

For and on behalf of the Board



Director



Director

City: Sydney

Date: 2 September 1993

AUDITOR-GENERAL

INDEPENDENT AUDIT REPORT

To the members of Telstra Corporation Limited

Scope

I have audited the financial statements of Telstra Corporation Limited for the financial year ended 30 June 1993 as set out on pages 30 to 64. The financial statements include the consolidated accounts of the economic entity comprising the Company and the entities it controls at the year's end or from time to time during the financial year. The Company's directors are responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting concepts and standards and statutory requirements so as to present a view which is consistent with my understanding of the Company's and the economic entity's financial position, the results of their operations and their cash flows.

I have not acted as auditor of the controlled entities identified in Note 23 to the financial statements. As indicated in Note 23 the audit report on the financial statements of a controlled entity was qualified. The qualification is not material to the consolidated accounts and I have received sufficient information and explanation concerning the controlled entities not audited by me to enable me to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of Telstra Corporation Limited are properly drawn up:

a) so as to give a true and fair view of:

i) the state of affairs as at 30 June 1993 and the profit and cash flows for the financial year ended on that date of the Company and the economic entity; and

ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;

b) in accordance with the provisions of the Corporations Law; and

c) in accordance with Statements of Accounting Concepts and applicable Accounting Standards.

J.C. Taylor
Auditor-General
Sydney
2 September 1993

Australian National Audit Office, GPO Box 707, Canberra, ACT 2601 Telephone (06) 203 4713 Facsimile (06) 282 2355

OCCUPATIONAL HEALTH AND SAFETY

In accordance with Section 74 of the Occupational Health and Safety (Commonwealth Employment) Act 1991, the following report is provided.

Health and Safety Policy

It is our policy to promote a healthy workplace and to create and maintain a safe working environment, so that the human and material resources of the Company are effectively applied, with minimal loss, towards the achievement of our Corporate goals. In particular, our policy is to:

- regard all occupational accidents as preventable;
- place the health, safety and well-being of employees and the public ahead of protection of the Corporation's equipment and services;
- hold all levels of management fully responsible and accountable for the control of hazards and the prevention of accidents in the areas under their control;
- ascertain the cause, and take corrective action, for every accident, whether it caused an injury or not;
- train supervisors, especially in high and potentially high, accident rate areas, in the basic principles of accident prevention;
- establish and maintain health and safety committees in appropriate areas and to provide for employee consultation on health and safety matters; and
- provide and maintain safe plant.

This policy will be reviewed in 1993/94 to ensure it meets the full requirements of the Act.
Telstra's "Summary of Health and Safety Policies" has been updated and will be re-issued in the latter half of 1993.

Agreements

Building on the previous Telecom Health & Safety Agreement with the Staff Associations, Telstra has negotiated an agreement that will implement the consultative co-operative requirements of the Act.

In addition, a body, composed of Telstra and Staff Association representatives (known as the National Occupational Health and Safety Forum), has been established to meet quarterly to discuss health and safety matters.

Committees and Representatives

Numbers of Health and Safety Committees, Workplaces and Representatives:

Number of Health and Safety Committees in operation	367
Number of Designated Work Groups	1,470
Number of Health and Safety Representatives	1,512
Number of Deputy Health and Safety Representatives	828

Measures taken to ensure Health Safety and Welfare

During 1992/93, training of health & safety representatives continued so that the majority of representatives and deputies have now completed their mandatory training. A training course for managers and supervisors has been implemented. To complement the training of health & safety representatives, preference is being given to training front line supervisors who regularly interact with these representatives.

Information on health, safety and environmental matters continues to be provided to managers, supervisors, health & safety practitioners, and health & safety representatives through monthly newsletters, and hazard alert sheets. On-line computer databases provide company wide access to legislation, Worksafe and Comcare advice, corporate policies, work practices, and guidance material.

Telecom's Occupational Health & Safety (OHS) system and the Chemical Hazard System (CHIPS) are undergoing significant development to enable the Company to comply with impending regulatory changes. Chemical management programs have been developed to link the purchase of "chemicals" to the CHIPS Material Safety Data Sheets, and to identify all chemicals in use and establish controls for their use.

To implement the adopted Manual Handling Standard and Code of Practice, a training program was commenced. This program includes awareness for those staff at greatest risk and their supervisors, and further training for those staff who will be trained as risk assessors. In some areas, where there was a higher than average incidence of motor vehicle accidents, safe driver training has been conducted. The benefits of this pilot have not yet been evaluated.

Health, safety and environmental professional staff are employed to provide consultancy services throughout the Company. They undertake investigations into a wide range of hygiene, ergonomic, environmental and safety issues. During 1992/93, these included noise surveys of external construction equipment, monitoring of this equipment for whole body vibration, surveys of indoor air quality and drinking water contamination. An audit of mechanical aids is currently being undertaken by Comcare in South Australia.

Statistics

Regulations specifying notification and reporting details have been proclaimed. However these do not come into force until 29 July 1993. Accordingly, there is no data to report for 1992/93.

Investigations

No tests were undertaken on any plant, substance or thing as a result of investigations undertaken by Comcare investigators.

Notices

Provisional Improvement Notices	(Section 29)	8
Directions not to Disturb Workplace	(Section 45)	0
Notices issued by Health and Safety Representatives	(Section 30)	4
Prohibition Notices issued by Investigators	(Section 46)	0
Improvement Notices	(Section 47)	4

FREEDOM OF INFORMATION

The Freedom of Information Act 1982 gives a right of access, subject to exemptions and exceptions, to information held in documentary form by Telstra Corporation Limited. An outline of the formation of Telstra Corporation Limited is included on the inside front cover of this Report.

This statement is made in accordance with the requirements of Section 8 of the Freedom of Information Act.

Functions and Powers

The objects of the Company are:

a) to supply telecommunications services;

b) to carry on any business or activity that is incidental, ancillary or complementary to the supply of telecommunications services;

c) without limiting the above objects, to carry on any business or activity that is capable of being conveniently carried on:

   i) by the use of resources that are not immediately required in effecting the above objects; or

   ii) in the course of effecting the above objects.

The Company has, both within and outside the Australian Capital Territory, the legal capacity of a natural person and without limiting the generality of the foregoing has, within and outside the said Territory, power:

a) to issue and allot shares in the Company;

b) to issue debentures of the Company;

c) to distribute any of the property of the Company among the members, in kind or otherwise;

d) to give security by charging uncalled capital;

e) to grant a floating charge on property of the Company;

f) to procure the Company to be registered or recognised as a body corporate in any place outside Australia;

g) to acquire, hold and dispose of property; and

h) to do any other act that it is authorised to do by any other law.

Organisation

Particulars of Telstra's organisation are shown on pages 20 and 21 of this Report.

Categories of Documents

Documents are maintained under the following general categories:

- tariffs and charges;
- customer services and products;
- network planning, installation and performance;
- legislative and regulatory contracts;
- tenders;
- agreements;
- financial management, and
- administrative.

Consultative Arrangements

The Telecom Australia Consumer Councils and the Telecom Small Enterprise Policy Panel provide formal links between Telstra and consumer groups representing residential and small business customers.

Formal consultative arrangements also exist with the Australian Electronics Industry Association (electronics industry); the Australian Information Industry Association (computer industry); the Australian Telecommunications Users Group (business and general); the Federation of Commercial Television Stations (TV); the Federation of Australian Radio Broadcasters (commercial radio), and with a number of user groups related to specific products.

Statistics

During the year ended 30 June 1993, Telstra received 260 requests under the Freedom of Information Act. In responding to these, 63 requests were granted full access, part access was granted to 54 and access was refused to 143.

At 30 June 1993, there were 8 requests requiring a decision.

Refusal of access to documents attracted 48 applications for internal review. In 15 cases the decision on internal review resulted in the applicant obtaining greater access to documents. There were 6 appeals made to the Administrative Appeals Tribunal against decisions made on internal review. The Administrative Appeals Tribunal affirmed Telstra's decision in 4 of the appeals. Two appeals remain to be heard.

The cost of handling requests, including costs incurred in appearing in the Administrative Appeals Tribunal during 1992/93, was in the order of $190,170.

An amount of $5,705 was recovered in respect of fees and charges levied under the Freedom of Information Act.

FREEDOM OF INFORMATION REQUESTS

Personal Records

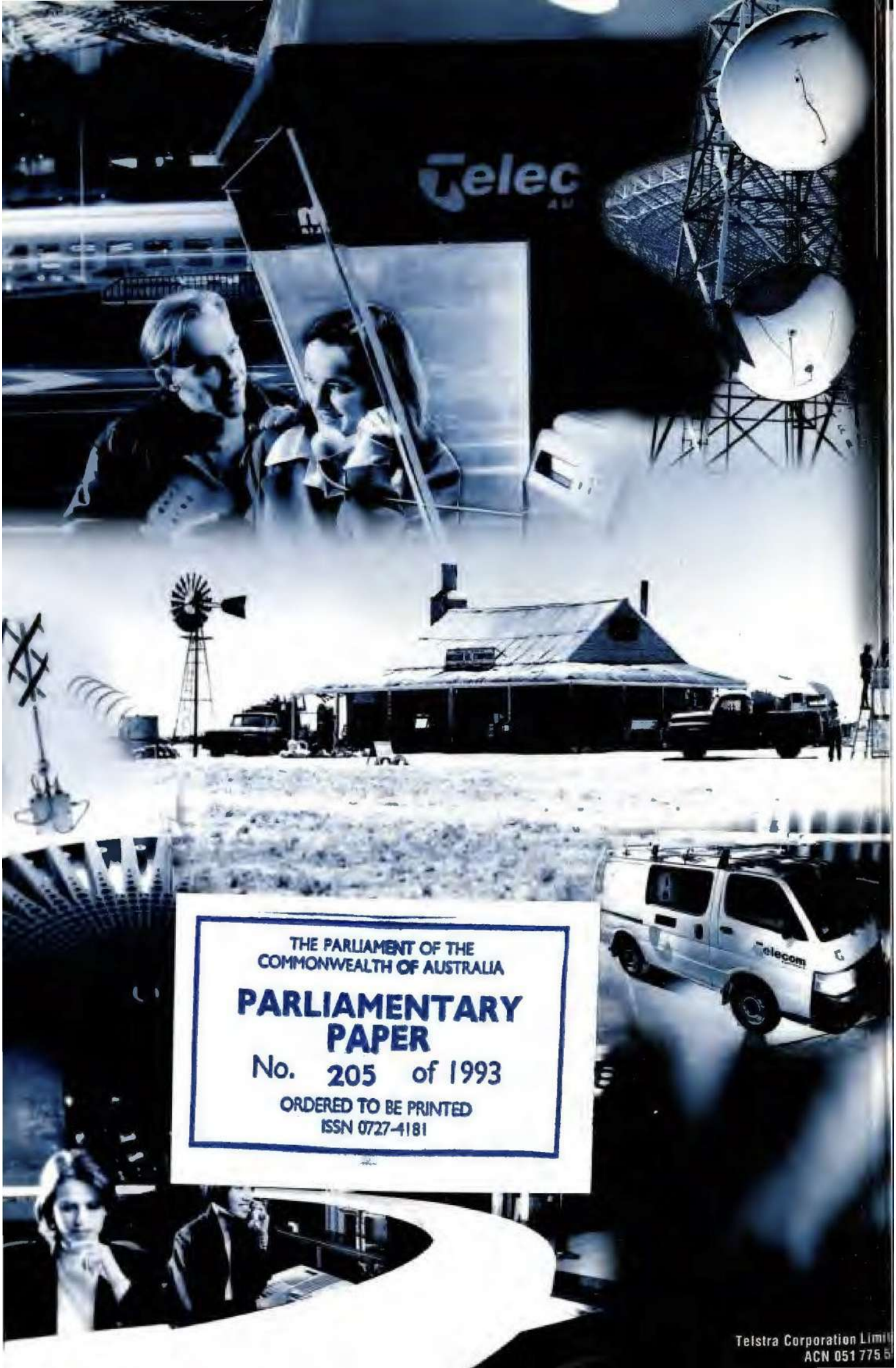
A person who is or was an employee of Telstra may only apply for access to personal records under the Freedom of Information Act where a request has first been made for access under the internal Telstra procedures and the applicant is either dissatisfied with the result or has not been notified of a decision within 30 days.

Service Information

The Information Pages section of the White Pages Directories provide contact points for service information. Applicants should refer to those contacts initially, and forward Freedom of Information requests to the areas of Telstra subsequently identified as holding the relevant documentation.

General

Requests for information other than personal records and service information may also be directed to Telstra's relevant Business Units and/or Directorate Managers. Enquiries by telephone should be directed to the National Manager, Freedom of Information on (03) 632 6587.



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